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NEWS SUMMARY

GENERAL

Hopes for Tehran hostages dimmed

Iran's president-elect Abol Hassan Bani-Sadr effectively lowered hopes for a speedy release of the U.S. hostages in Tehran, saying the Carter Administration must take steps to freeze the deposed Shah's assets and return them to the Iranian people.

In an interview with two ABC television reporters, Mr. Bani-Sadr said from a human point of view he favoured the hostages' early release. But the Iranian people wanted more than the delaying of full economic sanctions and the willingness to hold an international inquiry into the Shah's activities. Page 2

Jail surrounded

Police and national guardsmen surrounded the New Mexico State Penitentiary in Sante Fe where armed convicts are holding eight guards hostage following a riot. Prison officials said as many as 15 prisoners may have been killed in the takeover.

Coast vigil

Coastguards and police are keeping a special watch on South Coast beaches in the hunt for more canisters of arsenic trichloride washed ashore from the sunken Greek cargo ship Aeolin Sky. So far 20 canisters, which give off deadly fumes if exposed to the air, have been recovered.

Salem blackout

South African Government ordered an information blackout on the oil tanker Salem which sank off the West African coast two weeks ago after allegedly discharging its crude oil cargo at Durban. Back Page

Revenge murders

Two people were assassinated in Madrid and San Sebastian in apparent revenge for the killing on Friday of six paramilitary civil guards by militant Basque separatists. Right-wing extremists are believed to be responsible. Page 2

Reporters 'lost'

Three Western correspondents in Afghanistan, Elizabeth Thurgood of the Guardian, Richard Balmforth of Reuters and Marcus Eliason of Associated Press, have not been heard from since they failed to return to their hotel after driving northwards from Kabul on Friday.

Convict attacked

Bernard McCaffery, serving 16 years for his part in an IRA plot to blow up the QE2, is in hospital with a serious head injury after being beaten by other prisoners in Parkhurst Prison, Isle of Wight.

FBI scandal

FBI questioned six U.S. congressmen in a payoff scandal involving Federal agents gathering evidence by posing as businessmen and Arab sheikhs. Page 2

Australia ahead

Australia were 399-5, the highest Test score against England for three years, at the end of the third day of the Third Test in reply to England's first innings total of 306.

Briefly . . .

At least 17 passengers travelling on top of a crowded train were killed when hit by bridge girders in Assam, India.

First class letter rates rise to 12p and second class, to 10p today.

Inhabitants of a village in Upper Egypt signed a petition for its name to be changed to Jimmy Carter.

BUSINESS

Algeria puts $4 extra on oil price

● ALGERIA has increased its oil price by $4.21 to $34.31 a barrel in line with Nigeria, which only lifted its price to this level on Saturday. Libya, which has been charging $34.72, is now likely to raise its price further, and it is inevitable that North Sea oil prices will move well above $30 a barrel. Back Page

● WEST GERMAN oil companies have announced substantial rises in profit and turnover for 1979, mirroring the gains of their U.S.-based parent concerns. Page 16

● TALKS between Japan and Iran have opened in Tehran on how to re-start work on one of Iran's biggest development projects—the $3.3bn petrochemical plant at Bandar Khomeini. Page 2

● STOCKBROKERS L. Messel have strongly criticised plans for a monetary base system of direct control over the cash in the banking system. Page 3

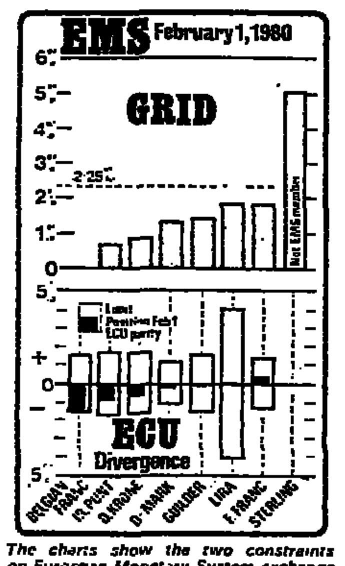
COMPANIES

● GRINDLAYS BANK is expected to issue a statement next month on its future ownership and structure, following talks with Citibank. Back Page

● SHARP DECLINE in Kitchen Queen's shares in the week before the chairman resigned in mid-January and the company slid into the red, is to be investigated by the Stock Exchange. Page 12

● AMAX, one of the largest U.S. mining companies, appears poised to seize control of Rosario Resources, the precious metals producer, in a deal which could value Rosario at over $450m. Page 16

● ITALIAN LIRA returned to its leading position in the European Monetary System at the end of last week, roughly first-equal with the French franc. At the end of last year, the lira fell sharply and the franc has been the strongest EMS currency since December. Last week, a shortage of short-term funds in the banking system and heavy demand for Italian Treasury bills assisted the lira. The D-Mark weakened slightly following announcement of a record West German current account deficit last year. The Danish krone received some support from the Danish central bank, amid talk of a possible rise in Bank Rate, which has remained at 11 per cent since mid-September. Belgium's budget deficit was lower than expected in 1979, but the Belgian franc remained the weakest EMS currency last week, below the Irish punt.



The charts show the two constraints on European Monetary System exchange rates. The upper grid, based on the weakest currency in the system, defines the cross rates from which no currency (except the lira) may move more than 2¼ per cent. The lower chart gives each currency's divergence from its "central rate" against the European Currency Unit (ECU), itself a basket of European currencies.

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Ministers consider curbs as private steel is hit again

BY ALAN PIKE, LABOUR CORRESPONDENT

Employees at private steel companies rejoined the national steel strike yesterday as Ministers prepared to consider means of restricting the rights of unions to take secondary industrial action.

A Ministerial meeting to consider amendments to the Employment Bill is expected this week and a consultative document on legal immunities of trade unions is due to be published in the next few days.

Demands from employers and their organisations for strong and swift Government action as a result of Friday's House of Lords decision that the Iron and Steel Trades' Confederation is legally entitled to involve private workers in its dispute with the British Steel Corporation is not confined to the private steel companies.

These have asked for an urgent meeting with the Prime Minister saying that they feel "let down" by the fact that the Government has not yet acted.

In a strongly-phrased statement yesterday Sir John Methven, director-general of the Confederation of British Industry, said that the law as it stood was a licence for trade unions to destroy at will individual businesses, and even to blockade and throttle the trade of the country.

The general public was sick and tired of the "overwhelming power" of trade unions and the "industrial anarchy" which sprang from it.

"No country can tolerate laws which are against natural justice. Whatever the resistance, profound changes must be made in the laws relating to trade unions. They must be supported by all those of us who believe in fairness and equity if we are to bring sanity back to our industrial scene."

Mr. James Prior, the Employment Secretary, rejected the suggestion that the Government had let down private steel companies, but said that the immunities which unions enjoyed against actions for breach of contract were "far too wide at the moment."

He stressed, on BBC Radio's The World This Weekend that industrial relations problems had to be put right with a great deal of sensitivity. If the Government got its industrial relations policy wrong this time the outlook for the country would be very bleak.

Three governments had been defeated on this issue in the past 15 years and "we cannot afford to have this happen again."

Whatever degree of sensitivity is employed, Ministers will encounter even greater hostility from the trade union movement once they begin tackling the areas of secondary industrial action.

Mr. Tom Jackson, moderate general secretary of the Union of Post Office Workers, warned on London Weekend Television's Weekend World that the Government was running terrible risks with the fabric of British society.

The real danger involved in forcing "extremely bad law upon an unwilling trade union movement" was that people would go to jail.

The majority of private steelworkers heeded their union's instruction to rejoin the strike yesterday, though the British Independent Steel Producers' Association this week will consider organising a secret ballot to ask whether they support the line the union is taking.

Workers at Sheerness Steel, Kent, reported for work, but those at Hadfield's, Sheffield, joined the strike although they feared their jobs might be at risk.

Further exploratory talks between BSC management, the ISTC and the National Union of Blastfurnacemen take place this week.

TUC asks Welsh unions to temper militant line, Page 4
Justinian, Page 8

Soames resists election ban on Mugabe party

BY BRIDGET BLOOM IN SALISBURY

LORD SOAMES, Governor of Rhodesia, is resisting Rhodesian pressure to ban ZANU (PF), the party led by Robert Mugabe, from the forthcoming elections.

The British administration in Salisbury has been under heavy pressure either to ban ZANU (PF) from contesting the February 27-29 poll, or at least to curb its election campaign unless the party stops its alleged intimidation of voters.

But while Lord Soames and his officials are increasingly concerned at the level of violence, which they believe is caused principally by the military wing of ZANU, they will not ban the party.

To do so, they believe, would be to invite the certain condemnation of African Commonwealth states and others whose support is essential if the election is to be internationally recognised as free and fair.

ZANLA, the military wing of ZANU, has been under growing attack for violating the terms of the Lancaster House ceasefire agreement, and for allowing armed guerrillas to intimidate large sections of the rural population to vote for ZANU or face continuing war.

The charges have come principally from the Rhodesian security forces, whose daily communiques allege increasing ceasefire violations by ZANLA "terrorists" as well as from the United African National Council, led by Bishop Abel Muzorewa.

But there are mounting reports that it is not only the Bishop's party—which in the internal settlement formed a coalition with Mr. Ian Smith's Rhodesian Front—that is having difficulty campaigning in the rural areas.

Although officials are unwilling to say so, it appears that Mr. Joshua Nkomo's Patriotic Front, as well as some of the other six smaller parties, are not able to campaign in many eastern and north-eastern areas where ZANLA guerrillas held sway during the war.

In Umtali, Bishop Muzorewa is said to have drawn a crowd of ony 4,000-5,000 where nine months ago more than 25,000 attended a similar rally.

Mr. Nkomo cancelled a rally in Umtali last week, apparently because bad weather prevented his aircraft leaving Salisbury. But there are suggestions that party officials found it difficult to organise there.

Mr. Nkomo has appealed to all political leaders to halt violence by their supporters. "People must now feel free; the war is over and must be seen to be over," he said.

Mr. Dumisu Dabengwa, commander of Mr. Nkomo's ZIPRA forces, appealed on the radio yesterday to any guerrillas who had not yet reported to their assembly places, to do so immediately.

The British authorities here have endorsed the criticisms of ZANLA. A spokesman for the Governor said at the weekend that the problem of the security force auxiliaries—black troops originally recruited by Bishop Muzowera, and now formally part of the Rhodesian Army—"paled into insignificance beside the activities of renegade ZANLA personnel roaming throughout the tribal trust lands for the purposes of intimidation."

Mr. Mugabe, who last week

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Electricity showrooms face probe

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

AN INVESTIGATION into whether Electricity Board showrooms have an unfair advantage over independent retailers in selling electrical appliances is being considered by the Government as part of its new competition policy.

The Office of Fair Trading is likely to be asked by the Government to decide if the retailing policies of the showrooms should be referred to the Monopolies and Mergers Commission for a six-month investigation under the new Competition Bill.

In particular, the OFT is expected to be asked to consider how far the showrooms' retailing is subsidised by electricity charges made to the consumer. Independent retailers, facing steep rent and rate rises, fear that their competitiveness with the showrooms is being eroded.

Other issues, such as allegations that electricity showrooms receive preferential treatment from manufacturers, may also be considered.

The Competition Bill, due to have its second reading in the Lords today, is expected to become law next month. It gives the Trade Secretary and the OFT wide-ranging powers to investigate any anti-competitive busines practice, and specifically includes nationalised industries as targets for investigation.

The Department of Trade and the OFT are seeking areas to investigate once the Bill becomes law. The department has already announced that Britsih Rail's south-eastern commuter services will be examined.

An investigation into electricity showroom retailing is being seriously considered for several reasons.

First, it would coincide with the current Monopolies Commission investigation into the marketing of gas appliances through gas board showrooms.

Second, an investigation would be in line with Government policy of helping the small trader. The 4,500-strong Radio, Electrical and Television Retailers Association has been particularly active in canvassing Government support for a Monopolies Commission investigation.

New merger laws could damage companies, warns CBI, Page 3

Dunbee to sell U.S. interests

BY ANDREW FISHER

DUNBEE-COMBEX-MARX, the troubled British toy group, is hoping for a swift agreement on the sale of its loss-making U.S. interests where business has just ceased with the sacking of 2,500 employees.

To stave off further pressure from creditors it has applied for a debt moratorium in the U.S., while talking with potential buyers there such as Leisure Dynamics, Empire of Carolina, and a third company is showing interest

Both Empire and Leisure have already provisionally agreed to buy some of Dunbee's assets and product lines, after its severe losses in the U.S. over the past two years. Last year, its U.S. turnover was $92m.

The deficits there have overshadowed its profitable UK operations, which include Hornby trains, Scalextric car racing sets, and Pedigree and Sindy dolls. At 19½p, down 4½p on Friday, the shares compare with a 1979 high of 92p and give Dunbee a market capitalisation of under £5m.

Mr. Richard Beecham, Dunbee's joint managing director, yesterday declined to identify the third company in the discussions but said it was a major name in the U.S. toy industry.

He said the planned flotation through a sale by tender of Dunbee's do-it-yourself and industrial division, where trading profits exceed £1m, should take place in late spring or early summer.

Dunbee, which made a £5.1m pre-tax loss in the first half of last year, is also raising funds by closing its French toy operation, selling two loss-making companies in the do-it-yourself division, and selling a big warehouse in Holland.

Reduced tax rate may be abolished

By Peter Riddell, Economics Correspondent

ABOLITION OF the reduced rate band of income tax is being considered within the Treasury as one way of giving increased freedom of manoeuvre in the March 26 Budget within the tight overall fiscal and monetary constraints.

Ministers recognise that there is no chance of reducing the overall tax burden in 1980-81, but they have not given up all hope of cutting the standard rate by seeking revenue elsewhere. Each 1p cut in the present standard rate of 30p in the pound costs roughly £500m in lost revenue.

Abolition of the reduced rate band of 25p in the pound on the first £750 of taxable income would give roughly £800m in a full year if taxpayers then started paying at the basic rate. There would also be considerable savings in administrative costs.

The reduced rate was introduced two years ago at the personal insistence of Mr. James Callaghan, the then Prime Minister, after talks with the trades unions. The change was strongly opposed by the Treasury.

The impact of abolition depends on whether the money is used to raise tax allowances, helping those at the bottom end of the range, or to cut the basic rate, benefiting most those with middle incomes.

This is one of a number of options being examined. Officials are also considering whether the Government should index personal allowances in line with last year's inflation rate, costing about £2bn. This is required by the 1977 Finance Act unless Parliament decides otherwise. The issue has arisen because of likely proposals in the Budget not to increase unemployment benefits in November by as much as the expected rate of price inflation.

There is concern about the impact on the retail prices index of any offsetting increases in indirect taxes. Increases in the specific customs and excise duties (chiefly on alcohol, tobacco and petrol) in line with last year's inflation rate would add 1.1 per cent to the index and raise £1.1bn in a full year.

Sir Geoffrey Howe, the Chancellor, is still some way from deciding on the balance of direct and indirect taxation. But officials are well-advanced with a list of options—or build-

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U.S. shelves $400m aid plan for Zia

BY DAVID HOUSEGO IN ISLAMABAD

THE U.S. has shelved plans for putting forward a $400m (£175m) package of military and economic aid for Pakistan in favour of further consultations both with Pakistan and other countries on the scale of the country's defence needs and how these might be met.

The postponement of the aid package which was to have been put to Congress this week followed talks in Islamabad over the weekend between a U.S. delegation led by Dr. Zbigniew Brzezinski, President Jimmy Carter's national security adviser and a Pakistan team headed by President Zia-ul-Haq. President Zia recently dismissed the $400m offer as "peanuts."

In tough bargaining Pakistan has evidently won some concession—though no promise—for its demands for greater military assistance, but the U.S. has declined to widen its commitment to Pakistan's security beyond the 1959 bilateral military agreement.

Dr. Brzezinski last night reaffirmed that under the terms of this the U.S. would consider aggression from the north by a Russian-dominated State to involve its own security and would respond appropriately.

Dr. Brzezinski said that the military mission would stay on in Pakistan to study the country's defence requirements and that at the same time there would be consultations with other nations on how these might be met. Dr. Brzezinski is to fly today to Saudi Arabia.

The U.S. gave little over Pakistan's other demand for a more watertight U.S. commitment to its security

Carrington denies Anglo-French split

BY ROBERT MAUTHNER IN PARIS

LORD CARRINGTON, the Foreign Secretary, denied here yesterday that there were any fundamental differences between Britain and France over the Western allies' policies following the Soviet invasion of Afghanistan.

Lord Carrington, who was the weekend guest of M. Jean Francois-Poncet, the French Foreign Minister, said that, while the reactions of individual governments to the current international crisis might vary, this did not mean there was a split in the European camp.

What was important was that all the Western countries had unequivocally condemned the Soviet action. France, like Britain, had fully associated itself with the declarations of the EEC and NATO countries on the subject. Both Britain and France had made it clear that the prospects for East-West detente had been jeopardised by the Soviet Union's intervention in Afghanistan.

This did not mean that Britain and France were obliged to react in exactly the same way. "I think it is more important to sing in harmony than in unison," the Foreign Secretary

Lord Carrington and M. Francois-Poncet also discussed the problem of Britain's contributions to the EEC budget, without, however, making much headway. Summing-up what he described as "frank" talks on the subject, the Foreign Secretary said: "I don't think that it would be right to say that a solution is just around the corner."

Lord Carrington's meeting with the French Foreign Minister preceded by only a few hours the Franco-German summit at which much the same subjects will be discussed.

At the special request of Herr Helmut Schmidt, the West German Chancellor, his talks with President Giscard d'Estaing, originaly due to last only two days, have been extended.

Roger Boyes in Bonn writes: Chancellor Schmidt believes that the Warsaw Pact countries are seriously split over the Soviet invasion of Afghanistan.

Speaking in a television interview, the Chancellor said that this was clearly the reason why the East had cancelled three planned German ministerial visit to Eastern Europe. Moscow seems to want to avoid the possibility of Western ministers detecting the significant differences within the Warsaw Pact.

India rejects U.S. plan for S. Asia security bloc

BY K. K. SHARMA IN NEW DELHI

INDIA HAS turned down a U.S. proposal for a collective security arrangement for South Asia, following the events in Afghanistan. But it has indicated its readiness to buy sophisticated military weapons and equipment from the U.S., to improve its own preparedness.

The proposal for a collective security arrangement was made by President Carter and is believed to have been discussed by his special envoy, Mr. Clark Clifford, when the latter met Mrs. Indira Gandhi, India's Prime Minister, last week.

Mr. Clifford's main mission was to explain the reason for the new orientation of U.S. policy towards South Asia.

Mrs. Gandhi's opposition to a collective security arrangement is based on India's traditional policy not to join any defence pact with other countries, together with the Government's belief that the policy towards the Soviet Union should be one of persuasion, rather than confrontation.

India has long been trying to buy sophisticated weapons and equipment from the U.S., which placed an embargo on their sale when the war over Bangladesh broke out in 1971. There are indications that the embargo will be relaxed now that U.S. policy towards Pakistan and India has changed.

The main change is the decision to send $200m-worth of arms to Pakistan over the next two years. This direct U.S. contribution is to be supplemented by other Western countries and some Islamic nations such as Saudi Arabia, and this has caused considerable alarm in India.

Mr. Clifford was told that Pakistan had "mis-used" U.S. arms in the past, using them against India in three wars in the last 30 years, even though the U.S. had given guarantees that this would not be permitted.

It has also been noted here that President Zia has been showing no signs of wanting to improve relations with India.

Talks at official level and through diplomatic channels have been in progress between New Delhi and Islamabad on improving relations on the basis of the Simla Agreement of 1972, signed by Mrs. Gandhi and the late Mr. Z. A. Bhutto after the Bangladesh war.

Mr. R. D. Sathe, India's Foreign Secretary, will leave for Islamabad today for further talks.

Reuter reports from Islamabad: Mr. Zbigniew Brzezinski, President Carter's security adviser was due to begin further talks with

President Zia last night, after failing in initial discussions to establish a formula for new and closer ties between Pakistan and Washington.

Both sides denied any difficulties, and said they wanted to examine various aspects of the discussions in greater detail. The talks had covered strategic considerations arising from the Soviet invasion of Afghanistan.

Mr. Brzezinski was said by U.S. officials to be seeking an enduring and long-term relationship with Pakistan. Yesterday, he gave President Zia a letter from Mr. Carter, which Pakistan officials said contained a U.S. promise to help Pakistan contain any Soviet threat.

Dissident 'nest of subversion'

By Our Moscow Correspondent

IN A SIGNIFICANT broadening of the attack on Soviet dissident intellectuals, a Soviet newspaper yesterday accused Mr. Lev Kopelev, a literary critic and the model for Rubin in Alexander Solzhenitsyn's novel, "The First Circle," of running a "nest of ideological subversion" at his Moscow apartment.

Sovietskaya Rossiya, the newspaper of the Russian republic, said that Mr. Kopelev's life "reflected hatred of his homeland."

Although he has supported dissident causes and signed a statement condemning the exile of Dr. Andrei Sakharov, Mr. Kopelev is not an active dissident.

Pravda denies push to the Gulf

BY DAVID SATTER IN MOSCOW

PRAVDA, the Communist Party newspaper, has firmly denied that the Soviet Union intends to seize the oilfields in the Gulf, or to push south from Afghanistan to Indian Ocean warm-water ports.

Charges that the Soviet Union threatens countries in the Middle East or seeks to control the oil routes to the West were intended to make it easier for the U.S. to establish its own military and economic domination in the region, Pravda said.

Mr. Clark Clifford, the U.S. special envoy, raised the possibility of a Soviet threat to the strategic Straits of Hormuz during his recent visit to India. U.S. officials have speculated that the Soviet Union might want to gain control in Baluchistan, to reach warm-water ports.

The Soviet Union has no designs on the oil supply to the West, and "never intended, and does not intend, to bring any disasters upon the people of the U.S. and Western Europe," Pravda added.

"All tales about the perfidious plans of the Russians to seize Middle Eastern oil fields" were "nothing more than political trickery" and attempts to redirect public discontent over "energy and fuel supply difficulties." These arose from the "predatory policies of the monopolies."

The Soviet Union's interests would be served best by the limitation of military activity in the Indian Ocean with "all its bays and straits, and termination of military rivalry in the zone," rather than by a push to gain warm-water ports.

If the arms race in the Indian Ocean continued, this would be due not to the Soviet Union but to the stand of the U.S., which has been avoiding talks on demilitarisation and has been "building up month by month its military potential in the Indian Ocean."

Unlike the U.S. the Soviet Union had never claimed other people's oil resources. It had developed its own oil resources, and had never declared foreign oil-containing areas as a sphere of its "vital interests."

Such statements by the U.S. were supported by military demonstrations in the Gulf and by "economic and political blackmail" as in the case of Iran, Pravda claimed.

Moslem leader killed in Aleppo

BY OUR DAMASCUS CORRESPONDENT

A SENIOR Sunni Moslem leader, Sheikh Mohammed al-Shami, was gunned down in the Sultaniyeh mosque in Aleppo in northern Syria, on Saturday, according to an official announcement yesterday. This is the latest in a series of assassinations in Syria which have recently included Soviet military advisers as well as Syrian nationals.

The Syrian authorities accused "the terrorist gang of the Moslem Brotherhood" of making Saturday's attack, which also resulted in the death of another sheikh. Sheikh al-Shami was killed by a group of three gunmen while preaching in the mosque. He was a prominent religious leader and had particpated in several Arab and international Islamic conferences.

The previous targets for assassination have been scientists, professors, religious leaders and army officers, according to the Syrian authorities.

Most of those attacked previously also belonged to Alawite sect which is related to the unorthodox Shi'ite as opposed to the orthodox Sunni sect of Islam. President Hafez Al-Assad is an Alawite, and it is deeply resented that his Government is dominated by Alawites, who form only about 12 per cent of the Syrian population.

Thousands of people marched behind the coffin of the assassinated Sheikh al-Shami at his funeral in Aleppo yesterday. The march was headed by Mr. Hussein Battah, Governor of Aleppo, and the senior military and Government officials of Syria's second largest city.

In a speech at the funeral, Mr. Battah attacked "these murderers who hide behind Islam and carry out the orders of their masters in Washington and Tel Aviv to kill our most prominent Moslem clergy." It is believed that Sheikh al-Shami was killed because he refused to give in to pressure to join the Moslem Brotherhood, who are fundamentalists opposed to the corruption of social values by Westernised economic development.

Diplomats said that the killing of the sheikh while he was praying in the mosque, added to the fact that his killers opened fire inside the holy building in a way reminiscent of the siege of the Great Mosque in Mecca last November, could be detrimental to the popularity of the Moslem Brotherhood amongst the largely Sunni population of Syria. Such a development would be helpful to Mr. Assad's Government.

Basque revenge killings

TWO PEOPLE were assassinated in Spain over the weekend in apparent revenge for the killing by militant Basque separatists of six paramilitary civil guards, Robert Graham reports from Madrid. The killings are believed to have been carried out by right-wing extremists.

One note distributed by the "Basque Spanish Battalion" promised further "summary justice" against ETA and its sympathisers. The note claimed responsibility for the murder of Yolanda Gonzalez Marsen, 19, a Basque student, who was a member of a fringe leftists group. Jesus Maria Zubicaray, a member of the left-wing Basque Euskadiko Ezkerra, was found shot in the head and dumped near San Sebastian. Zubicaray was a former member of ETA's political military wing.

Fontanet murder

FRENCH POLICE have still not established if a political motive was behind the murder of M. Joseph Fontanet, 59, the former Minister, who died on Saturday, 30 hours after being shot outside his home, David White reports from Paris.

Claims made on behalf of several extremist groups, including the autonomous revolutionary brigades, were being treated with scepticism. The murder has given rise to fears that it might be the first in an Italian-style assassination campaign.

Saudi warning

Concerted pressure from democratic countries could force the Soviet Union to pull its troops out of Afghanistan, Muhammad Abduh Yamani, Saudi Arabia's Information Minister, told Austrian newsmen in Riyadh yesterday, AP reports from Vienna. The Minister suggested his Government was against a "policy of military strength," insisting that the Soviet Union could be "hit really hard" by economic and technological sanctions.

Meanwhile, Mr. Sol Linowitz, President Carter's special Middle East envoy, will hold talks with King Hassan of Morocco today. He cut short a visit to Saudi Arabia on Saturday after a cool reception for U.S. proposals on the future of the Israeli-occupied West Bank.

Turkey fears war

Turkey yesterday ordered military instruction for all children from the age of seven "to meet the requirements of an all-out war," Reuter reports from Ankara. The announcement is the strongest hint of military influence in Turkey since the armed forces chiefs last month issued an ultimatum to the politicians to stoop bickering in the face of political and economic crises.

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Bani-Sadr dims hostage hopes

BY DAVID BUCHAN IN WASHINGTON

IRAN'S President-elect, Mr. Abol Hassan Bani-Sadr, yesterday lowered hopes for a speedy release of the U.S. hostages in Tehran, saying that the Carter Administration must still take steps to attach the deposed Shah's assets and return them to the Iranian people.

Mr. Bani-Sadr was interviewed by two ABC television reporters allowed to visit Tehran on 48-hour visas. They are the first U.S. reporters to do so since American journalists were expelled from Iran last month.

Mr. Bani-Sadr's sweeping victory in the presidential election had raised hopes here of a settlement in the hostage deadlock. The President-elect said that, simply from a human point of view, he favoured the hostages' early release, and he acknowledged that President Jimmy Carter's delaying of full economic sanctions against Iran and U.S. willingness to permit an international inquiry into the Shah's activities, were steps in the right direction.

But the Iranian people wanted more, he said. Mr. Bani-Sadr defined only one further step in an otherwise studiously vague interview. The U.S. Government must take action to return the Shah's wealth to Iran. It was not enough simply to allow Iran access to the U.S. courts through which to pursue its claims.

The Iranian leader equivocated on the question of whether the Soviet Union or the U.S. posed the greater threat to Iran. But he said he was willing to aid the Afghan rebels fighting Soviet troops with money, arms and Iranian volunteers, though not regular troops.

Mr. Bani-Sadr conceded that the seizure of the hostages presented him with a *fait accompli*. But, if with the support of the Iranian people, he was eventually to order the hostages's release, he was confident that the militants at the U.S. embassy would obey.

Simon Henderson adds from Tehran: The political deadlock between President-Elect Abol Hassan Bani-Sadr and opponents on the ruling Revolutionary Council is expected to be broken today when he takes the oath of office before Ayatollah Khomeini, the leader of the anti-Shah revolution.

Some Council members apparently wanted the ceremony delayed until Mr. Bani-Sadr had received a vote of confidence from a general assembly to be elected sometime in the next month.

But after giving two speeches—the first at Behesht-Zahra, the large cemetery in south Tehran where many victims of pre-revolutionary riots are buried—Mr. Bani-Sadr will fly by helicopter to see Ayatollah Khomeini, in hospital in the north of the city.

The students occupying the U.S. embassy have called off a mass march through Tehran, apparenty to avoid clashing with the cemetery speech.

The swearing-in might allow Mr. Bani-Sadr to set up a government to replace the Revolutionary Council. Mr. Hassan Habibi, the Council spokesman, himself a failed presidential candidate said on Saturday that this depended on Ayatollah

A major challenge for the Government has developed from renewed fighting in Kurdistan where more than 50 people have been killed in the last three days. Battles have been fought in at least three towns—Kamyaran, Paveh and Bijar, with Kamyaran reported to have been recaptured by Government forces yesterday.

Bribery by 'FBI sheikh' denied

BY OUR WASHINGTON CORRESPONDENT

SEVERAL U.S. Congressmen were reported yesterday to be at the centre of a two-year bribery investigation by the Federal Bureau of Investigation whose undercover agents pretended to be working on behalf of Arab businessmen seeking a variety of political favours.

Press reports of the FBI operation "Sting," so named after the film of that title, in which more than $300,000 is said to have been paid out to Congressmen and New Jersey and Pennsylvania State officials in the past year, were given banner headlines in U.S. newspapers yesterday.

According to the reports, the FBI made videotapes of interviews in which their undercover agents produced cash bribes and Congressmen discussed how the Arab "client" could be helped. Prominent among those named in the Press accounts were Senator Harrison Williams, chairman of the Senate Labour Committee, and Representatives John Murphy and Frank Thompson, who preside over the House of Representatives Merchant Marine and Administration committees. All three have denied the bribery allegations.

The undercover operation started two years ago as an inquiry into stolen Government securities and art works, and subsequently broadened into the area of political corruption. FBI agents posed as working for a sheikh with a company called Abdul Enterprises Ltd., seeking among other things, a licence for a gambling casino in Atlantic City and Congressional help to permit residence in the U.S.

No court proceedings have yet been started. The last serious scandal involving Congressmen was the attempt by South Korean businessmen to buy influence in the U.S. legislature in the mid-1970s.

France, E. Germany sign five-year trade agreement

BY LESLIE COLITT IN EAST BERLIN

FRANCE is to become an increased source of advanced technology for East Germany and hopes to boost its trade with East Germany this year to FFr 4bn (£437.6m) after a 37 per cent rise in trade between the two countries last year to FFr 2.4bn.

M. Jean-Francois Deniau, the French Foreign Trade Minister, signed a five-year trade agreement here with East Germany, which is designed to establish France solidly as East Germany's second largest Western trading partner, after West Germany. Trade between East and West Germany last year rose slightly to DM 9bn (£2.3bn).

The five-year trade agreement means that East Germany is to buy FFr 12bn worth of French equipment over the next five years for its chemical, electronics, car and machine-tool industries. East Germany is to expand its exports greatly of agricultural machinery to France.

M. Deniau and Herr Gerhard Beil, East Germany's Deputy Foreign Trade Minister, also began negotiations on a 10-year economic, industrial and technical co-operation agreement, which is expected to be signed in the next half-year. During a meeting with the French Foreign Trade Minister, Herr Erich Honecker, the East German President, praised the current state of political and economic relations between France and East Germany.

Last July M. Jean-Francois Poncet, France's Foreign Minister, became the first of the three Western allies responsible for Berlin to pay an official visit to East Berlin. In September, Herr Guenther Mittag, the East German Politburo official in charge of the economy, signed agreements of economic intent in Paris with M. Raymond Barre, the French Premier.

Two of the largest recent contracts awarded by East Germany to the West went to French companies. Citroen has built a plant to produce constant velocity joints at Zwickau, and the French chemical company, Creusot-Loire, is building a fertiliser plant at Rostock.

Both deals are worth a total of FFr 3.2bn, with Creusot-Loire subcontracting some FFr 300 m worth of construction work to Polish companies for the Rostock project.

French companies have been willing to enter into compensation arrangements with East Germany, and the French Government has been prepared to grant what are regarded as favourable credits.

EUROPEAN ELECTRICAL INDUSTRY

U.S. allegations of price cartel

BY JOHN LLOYD

EUROPEAN Commission officials are taking an interest in allegations, published in the U.S., of a price cartel among large European electrical companies, members of the International Electrical Association.

The allegations, in a report by two U.S. economists, have been followed by a suggestion from General Electric, America's biggest electrical company, that there might be an independent study on pricing. But they have been denied by the International Electrical Association.

The report aroused the attention of officials at the European Commission charged with enforcing free competition. No inquiry has been instituted by the Commission, but officials are keeping the matter under review.

Dr. Derek Rose, secretary-general of the Swiss-based association, called the allegations "wild" and denied that the IEA operated as a cartel. He said that the association was created as a forum for its members in 1930, and that it continued to operate in that way.

The report, The Continuing Cartel, is the work of Miss Barbara Epstein of Horace J. Depodwin Associates in New York and Mr. Richard Newfarmer of Notre Dame University in Indiana.

It alleges that the 49 European companies which are members of the IEA made an agreement in 1970 which provided for meetings between companies tendering for a contract, at which members could agree the lowest price to be submitted, the level of other bids and compensation payments to the "losers."

It also claims that, when non-members (usually U.S. companies) were bidding for a contract, a price would be fixed below the competitive rate to ensure that the contract was secured. The aim here was to restrict U.S. companies' access to foreign markets.

It alleges that Japanese companies participate in the agreement, but are not recognised as members. It is suggested that this is because of the Japanese anti-trust laws.

Mr. Reginald Jones, President of General Electric, said in response to questions on the report that: "We have certainly noticed some unusual happenings in foreign markets." Mr. Jones instanced in this context the award of a large contract in South America last year.

Mr. Jones said GE would be interested in an independent study on pricing, and said that "an investigation might be helpful to U.S. manufacturers." The company added: "There are a number of factors which impede our ability to sell, and we would be pleased to have any facts on a cartel."

The authors had previously conducted researches on the electrical industry for the UN Commission for Trade and Development (UNCTAD), which is to hold a conference on restrictive business practices in April.

Tanker rates weaken

By William Hall, Shipping Correspondent

A COMBINATION of unusually mild weather, high oil stocks and continued political tension in the Middle East has led to further weakening in tanker freight rates.

In the Gulf, the amount of idle tonnage seeking cargoes is starting to pile up. The going rates for 250,000 dwt. Very Large Crude Carriers (VLCCs) on trips from the Gulf/Westwards is about Worldscale 42½.

To put these rates in perspective, the equivalent rate in October was Worldscale 48 and in July, Worldscale 65.

Present rates are still a considerable improvement on levels of Worldscale 27.5 pervailing this time last year. For larger vessels, the current rate structure is even worse. Galbraith Wrightson report that a 480,000 tonner was recently fixed Gulf/West at Worldscale 26.

In the dry cargo markets, Denholm Coates reports little significant change in rate levels, although handy bulker rates in the Atlantic continue their recovery with the U.S. Gulf/China rate back up to $34 per ton.

Talks open on start at Bandar Khomeini

BY SIMON HENDERSON

TALKS opened in Tehran yesterday between Iran and Japan on how to restart work on one of the country's biggest development projects — the $3.3bn petrochemical plant at Bandar Khomeini.

Mr. Ali Akhbar Moinfar, Iranian Oil Minister, said last week that work would begin again in a few days but Japanese officials said yesterday that they expected a formula to begin work would be reached this week, and that actual work would take "some time" to reach normal levels.

No work has been done on the project since before the Iranian Revolution last February. An attempt to resume last November had to be abandoned when unemployed people mobbed the site demanding jobs.

Both Japan and Iran want to resume work—Japan, because so much money of the Mitsui-led consortium is tied up in it, and Iran, because the project is considered necessary to economic life in the Bandar Khomeini area.

World Economic Indicators

RETAIL PRICES

	Dec. '79	Nov. '79	Oct. '79	Dec. '78	% change over previous year	Index base year
UK	239.4	237.7	235.6	204.2	+17.2	1974=100
W. Germany	112.2	111.8	111.2	106.9	+ 5.0	1976=100
France	232.3	230.5	229.0	207.8	+11.8	1970=100
Italy	167.1	164.4	162.3	139.5	+19.8	1976=100
Japan	130.4	129.6	130.1	123.3	+ 5.8	1975=100
U.S.	229.9	227.5	225.4	202.9	+13.3	1967=100
	Nov. '79	Oct. '79	Sept. '79	Nov. '78		
Belgium	136.2	135.6	134.7	129.5	+ 5.2	1976=100
Holland	128.2	128.0	127.1	122.6	+ 4.6	1975=100

BL to restart operations in Rhodesia

By Kenneth Gooding, Motor Industry Correspondent

LEYLAND VEHICLES said at the weekend that trucks and Land Rovers at its plant in Rhodesia would resume "in the immediate future."

A group of executives from BL, which owns Leyland Vehicles, has recently toured the country to hold discussions with a wide cross-section of businessmen.

The facility at Umtali has the capacity to assemble about 10,000 vehicles a year.

Before the Unilateral Declaration of Independence (UDI) in 1965 BL and Ford dominated the market, Ford of Canada operating a plant —also with a 10,000-a-year capacity—at Willowvale. However, Volkswagen has said it intends to assemble Golf cars for Zimbabwe-Rhodesia and neighbouring markets at the Willowvale plant in future.

There have been reports in Rhodesia that MAN of West Germany also plans a plant, to be built at Sinoia.

But BL executives believe it would be extremely unlikely that the Government would give the necessary licence for a third vehicle plant.

Alfa Romeo near deal with Nissan

By Rupert Cornwell in Rome and Giles Merritt in Brussels

HIGH LEVEL negotiations between Alfa Romeo and Nissan Motor are on the point of yielding an Italian-Japanese co-operation deal for a new medium-sized saloon car.

Sig. Ettore Massacesi, Alfa's president, has confirmed that talks were at an advanced stage. Although he specified that several possible partners were involved, the frontrunner is universally assumed to be the Japanese Nissan group which last month disclosed that talks were taking place with Alfa Romeo.

A deal would probably involve the manufacture of around 50,000 cars a year using basically the 1,300cc and 1,500cc engines employed in the Italian group's Alfasud range. Pre-pressed bodywork and other parts would be supplied by Nissan from Japan, for assembly at a new plant to be built in the South of Italy. This would be in addition to the new components plant, Apomi-2, already planned by Alfa Romeo for the Campania region around Naples. Nissan would also have available its extensive U.S. and European sales and distribution networks.

There have been reports that Italian Minister Siro Lombardini had indicated that the Government might oppose a joint venture between Alfa Romeo—which it effectively owns through IRI Finmeccanica—and Nissan because of fears of retaliation from other European countries. However it has since been made clear that in the absence of any financial or equity link-up neither the Italian Government nor the European Commission has any objections.

Robot licensing

Sciaky Electric Welding Machines does not have a licence agreement with Mitsubishi Heavy Industries for the production of the Japanese company's robots as reported on this page in the January 28 edition of the Financial Times.

AUSTRALIA'S NATURAL RESOURCES

Business boom with Japan forecast

BY PATRICIA NEWBY IN CANBERRA

AUSTRALIA'S abundant and cheap non-oil energy supplies and the need of its major trading partner, Japan, to diversify energy requirements away from oil are the factors behind a "vigorous expansion" in Japanese-Australian trade being predicted for the 1980s.

Following recent bilateral talks here Japan and Australia were described as standing on the threshold of a boom decade of resources development, trade and minerals exploitation.

Australia and Japan already have a solid economic relationship based on the complementarity of their economies—trade has expanded 20 fold in the past 20 years to a turnover of around $A7bn (£3.4bn) a year.

But Japan's need to diversify its energy requirements is expected to lead to an even more rapid expansion of investment in Australia and vastly increased trade in non-oil resources such as coal, liquified natural gas and uranium.

Australia's strategy for the 1980s will be to capitalise both by exports and by processing of raw materials on its supplies of abundant cheap coal.

The talks resulted in agreement having been reached in principle between the two countries that Japan will participate in the extraction of Australian resources and some processing within Australia in return for resource supplies.

Both countries see the advantages of processing some raw materials in Australia to reduce transport costs and costs of processing at the other end. In addition Australia will gain the social benefits of increased employment opportunities.

Australia currently supplies more than 62 per cent of Japan's bauxite imports. However, in the 1980s, it is intended that Australia, with Japanese participation will greatly step up its alumina smelting using power generated from cheap coal.

From the current modest level of alumina smelting Australia expects to rise to an equivalent of 20 per cent of the world alumina smelting capacity by the end of the decade.

Uranium enrichment has also been under study by the two countries for several years. Japan already imports some Australian uranium, but the quantities are expected to increase rapidly when the first big Australian uranium mines come on-stream in the mid-1980s.

Japan has been Australia's major trading partner since 1971 with the balance of trade strongly in Australia's favour. Last year roughly 30 per cent of Australia's exports, worth more than A$4bn went to Japan.

Imports from Japan accounted for nearly 18 per cent of Australia's total import bill.

Australia figures less prominently as a trading partner for Japan—roughly 7 per cent of Japanese imports and 3 per cent of exports involve Australia. However, there is a strong element of mutual dependence to which Prime Minister Masayoshi Ohira alluded a number of times during his visit.

Apart from bauxite, Australia is the major source of Japanese imports of iron ore, coal, wool, woodchip, meat and sugar. For example Australia provided last year nearly 44 per cent of Japan's iron ore imports, 47 per cent of coal imports and 51 per cent of sugar imports.

A thicket of bilateral bodies has sprung up to facilitate exploitation of the vast trade potential between the two countries, including the rather unusual Japan-Australia Ministerial Committee which comprises senior Cabinet Ministers of both Governments and which meets once or twice a year.

Japan has indicated interest in helping develop one of the world's largest shale oil deposits at Rundle in Queensland in return for some of the crude obtained.

They are also currently considering the possibility of buying 6 trillion (billion billion) cubic feet a year of liquefied natural gas which is expected to come on to the market in 1986 from the development on Western Australia's north-west shelf.

But coal is the key. As a number of commentators have remarked, what Australia will be exporting in the 1980s in various guises is cheap energy provided by the vast reserves of steaming coal used in power generation. Mining of coking coal used in the steel industry is also to greatly increase in the decade.

At present Australian steaming coal exports, all of which go to Japan, are around 5m tonnes. Even at conservative estimates steaming coal production in Australia is expected to reach 20m tonnes by 1985.

BL to offer lorry parts for all makes

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

IN WHAT is claimed to be "the first serious attempt by a major UK truck manufacturer to provide comprehensive parts support for all makes" Leyland Vehicles has set up a national parts supply service called Multipart.

With Multipart, Leyland aims to win a significant slice of the competitive parts business, estimated to be worth £450m a year. This sector of the replacement parts market is growing because so many vehicle manufacturers use proprietary units.

The scheme is introduced to coincide with the £13m expansion and modernisation of the Leyland warehouse at Chorley, Lancs., claimed to be the largest commercial vehicle parts store in Europe.

The expansion should be completed midway through 1981, at the moment over 130,000 different parts are stocked, valued at more than £30m.

The Chorley warehouse will have direct computer links with Multipart distributors, and for orders placed before 11 am on any weekday promises guaranteed delivery anywhere in the UK within 24 hours.

So far 40 Multipart distributors have been appointed. Leyland says they are placed strategically throughout the country, and are all established truck distributors with considerable expertise and knowledge of the requirements of truck operators.

The venture covers all popular makes of lorries and buses in Britain.

More than 60 product groups will be introduced in stages. The first four are clutches, filters, Rolls-Royce and Perkins engine parts. These cover 16 makes and over 500 models, of which 12 are rival makes. The remainder are Leyland and its associated marques.

Ford considers plan for diesel fuel engines

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

A DEVELOPMENT study is being conducted by the Ford Motor Company and Deutz, the Cologne diesel engine manufacturer, on the possibility of adapting Ford 1.6-litre petrol engines to use diesel fuel.

Deutz (part of Klöckner-Humboldt-Deutz) is the world leader in the manufacture of air-cooled diesel engines, which are used in trucks and in a wide variety of industrial applications. But so far, Deutz has not produced an engine which could be used in cars.

The study began last October, and it is understood that a decision on whether to take it further will be made in a couple of months.

Ford emphasises that the Deutz project is one of several that are being conducted on development possibilities, which involve a number of outside companies. Ford hopes to reach a position to follow up certain projects if these look feasible.

At present, Ford offers only one car in Europe with the option of a diesel engine—the Granada, which has a Peugeot engine. Several Continental-designed cars offer a diesel alternative, the most popular being the Volkswagen Golf.

Last year, Ford in the U.S. announced a joint diesel engine development project with the Cummins Engine group. In December, it abruptly called off the project, saying that it would concentrate on its advanced petrol engine, known as the Proco, which will offer some of the fuel-saving advantages associated with the diesel.

In Europe, the VW diesel is, in fact, a petrol engine adapted. If Ford should also decide to follow this route, it might cause some concern at Perkins, which recently said that it is again interested in a car diesel engine programme. Perkins made it clear that such a programme could only be undertaken if it tied up a deal with a car manufacturer to take a part of its production.

Ford does not buy any Deutz engines at present for its truck range. Apart from its own diesel engines, it uses Cummins engines in the Transcontinental truck while Perkins also supplies Ford with some heavy truck engines. Ford, however, is evaluating Deutz engines, with those of other manufacturers, in connection with its heavy truck replacement range which will be introduced in the mid-80s.

Test for City's nerves

By Peter Riddell, Economics Correspondent

A MAJOR TEST for the City financial markets in their highly nervous state will come tomorrow with the announcement of the banking figures for mid-January which will indicate the rate of monetary growth.

City analysts's expectations about what will happen vary widely. A comparison of eight stockbrokers' estimates published in the last few days shows a range of −3 per cent to +1per cent for the change last month in eligible liabilities, a major component of the banks' deposits.

The brokers estimate that the growth of sterling M3, the broadly defined money supply, could have been between −0.6 per cent and +0.7 per cent. Advances by London clearing banks are generally expected to have risen by at least £1bn.

The figures are even more than usually difficult to estimate because of conflicting influences — including large sales of gilt-edged stock, an uncertain pattern of seasonal tax payments, six monthly crediting of interest charges at high rates, switching by customers from non-clearers to clearers and overseas flows.

The figures are being watched closely to see the extent of the slowdown in monetary growth and hence they may affect expectations about when Minimum Lending Rate will be cut. Most City analysts believe this will not be before the Budget at the earliest and many brokers now think a reduction may come later.

Indeed, the current pressures on short-term interest rates are upwards in view of the considerable strains within the money markets after the recent tax payments and gilt sales.

Monetary control changes opposed

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

PROPOSALS for a monetary base system of direct control over the cash in the banking system are strongly criticised this morning by stockbrokers L. Messel in a lengthy new analysis.

The brokers, who are among the City's best-known monetarist commentators, argue that such a change would do nothing to solve the main defect in the present system — the marked interest rate volatility needed to contain monetary growth.

Messel say such a change would have no advantage over the present system and might involve both large and more frequent interest rate adjustments, without any impact on the authorities' ability to achieve their monetary target.

Instead, discussion should focus on the problem of interest rate volatility—including the level of public sector borrowing, the limited impact of interest rate increases on the demand for loans and the variability of official gilt-edged sales.

This analysis appears as drafting work continues on the joint Treasury and Bank of England consultative paper on monetary control, which has now been delayed until about the end of this month. The paper will contain three or four options, with the Government indicating a general preference.

The Whitehall debate, in which Mr. Nigel Lawson, the Financial Secretary, has been closely involved, has focused particularly on the issue of how far any new system should involve automatic interest rate changes and how far discretion should be left to the Bank.

There has recently been a deliberate ministerial attempt to play down the significance of any changes. It is likely that the preferred option will be a mixture of more direct control on the monetary base and elements of the present discretion system.

The Government seems to be concerned to minimise the extent of changes in institutional practice. Both the gilt-edged and discount markets are, however, likely to be affected since a new funding instrument could be introduced.

New merger laws could damage companies, CBI warns

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

AN APPEAL to the Government not to introduce new laws on company mergers is to be made this week by the Confederation of British Industry.

In a paper to be presented to the National Economic Development Council on Wednesday, the CBI argues that existing legislation is adequate and that changes are unnecessary.

The CBI says it is becoming increasingly worried by overseas competition and that the Government should not help foreign competitors by introducing new merger laws which could make British industry less effective. The Government should also take the existence of foreign competition into account when framing its policies on mergers.

The CBI's paper will form part of a debate on trade and competition policy in the council and will be accompanied by a paper from Mr. John Nott, Trade Secretary.

Mr. Nott says in his paper that the Government has not decided what further legislative changes to make once the Competition Bill becomes law.

The debate on trade matters will enable the TUC to argue for increased protectionism. Mr. Nott, however, will tell the council that a balance has to be struck between the need to protect industry from unfair and disruptive imports and to maximise the promotion of export trade.

Call for change in plans to reform accounts law

A STRONG ATTACK on the Government's plans for reforming the law on company accounts has come from the Accounts Users' Group, a City organisation of accountants working in investment.

The group opposes proposals which would allow companies to choose alternative formats for their balance sheets and profit-and-loss accounts.

It says banking, insurance and shipping companies should not be given privileges under the law, and wants to see tougher rules requiring companies to disclose turnover, profits and capital employed for distinct parts of the business, on both a geographical and product basis.

The group asks the Government to introduce legislation requiring companies to show lease and pension obligations in their accounts.

Surrey Docks plans under scrutiny

BY ROBIN PAULEY

SOUTHWARK COUNCIL will make its first appraisal tonight of the proposals for redevelopment of 140 acres of derelict land at Surrey Docks.

About 15 detailed plans had been submitted by the deadline at noon on Thursday. Since then four officials of the council and six from Greater London Council have studied and discussed them in a hotel.

They will emerge today and present their interim report, enabling Southwark to make its first appraisal tonight when the borough's policy and resources Committee meets.

By the end of this month the the number of schemes still under consideration is expected to be down to about six. The would-be developers will then be asked for more details about their schemes and proposed arrangements for financing. A final decision is expected by the end of June.

Southwark Council has spent £14.8m on the site since 1978, including land costs. A potential developer, Trammell Crow, the American-owned trade mart specialists, withdrew its plans for the site last year when the Government refused to provide the financial guarantees requested.

Since then Southwark has been anxious to find a replacement scheme. It is understood that Trammell Crow is among the latest groups to submit a plan.

The only group to publicise its proposals has been Taylor Woodrow, which has formed a consortium with Wimpey. Hambros will organise the finance for the £400m scheme if it is selected.

Warning on fringe benefits

By John Griffiths

ANY RAPID change in the taxation of company cars and petrol as fringe benefits will lead to industrial relations problems among junior and middle management, the Engineering Employers' Federation warns.

In a submission to the Inland Revenue on the Government's proposed new taxation scale for car benefits, the EEF says it accepts that fringe benefits should be taxed at realistic values. But any changes should be phased in over several years, with compensatory cuts in direct taxation levels, if the erosion of wage differentials of junior and middle managers is to be avoided.

Under the new scale the taxable benefit of a "typical" 1800cc car would rise from £250 to £695. That, says the EEF, would raise from £10,000 to £13,750 the "break-even" salary at which a married man (with a £20,000 mortgage) would neither benefit not gain from last year's Budget and subsequent mortgage interest rate changes. Even those earning £15,000 would be little more than £100 better off.

Scots Development board seeks Japanese outlet

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE BOARD of the Scottish Development Agency will be asked this week to approve a new strategy for expanding overseas promotion, particularly into Japan, regarded by the Agency as an important source of potential inward investment in the 1980s.

The Agency caused friction between itself, the Foreign Office and the Department of Industry last year when it opened a two-man office in New York and appointed a staff representative in California.

The Foregn Office has insisted that these arrangements should be regarded as provisional and reviewed after a trial period.

Because of this opposition, the agency is likely to move with more caution in Japan.

The strategy report will recommend appointment of a full-time investment-seeker in Tokyo, but will suggest that the opening of a separate Development Agency office be delayed.

The representative in Japan would probably work from the Tokyo offices of Fides, the Zurich consultancy company which has already worked with the agency on a promotional report of investment possibilities from southern Germany and Switzerland.

Fides has close links with Crédit Suisse, a bank which has been involved in financing of several Japanese investments in Europe.

The Development Agency will probably make three tours of Japan this year, following up the trip to Tokyo and Osaka last autumn by Mr. Lewis Robertson, the chief executive.

Any manufacturing investment would be welcome to Scotland to alleviate the chronic unemployment problem. The agency is particularly interested in joint ventures between Japanese and UK companies, and will consider projects from smaller Japanese concerns.

Ulster to lose 820 civil service jobs

THE NUMBER of civil servants in Northern Ireland is to be reduced by 820, mostly by natural wastage. The Government estimates that the move will save £3.9m.

Mr. Humphrey Atkins, Northern Ireland Secretary, said savings would be spread across all Ulster government departments.

Mr. Sid McDowell, deputy general secretary of the Northern Ireland Public Service Alliance, the civil service union, said staff reductions were hitting Ulster harder than the rest of the UK. Cuts announced so far totalled more than 2,000 jobs.

Airways' £8m saving

BRITISH AIRWAYS' estimates that its economy drive, introduced last November by Mr. Roy Watts, chief executive, will save more than £8m this financial year.

Fact-finding tour

MR. WALTER GOLDSMITH, director general of the Institute of Directors, is to visit Northern Ireland next week to assess its members' views of Government spending cuts.

Lotus jobs to go

LOTUS, the sports car firm, is to make 40 people redundant at its Hethel, Norfolk, factory, because of a fall in export orders. Another East Anglia company, Howard Rotavators, of Harlesden and Halesworth, is to cut 250 jobs.

Calling time

SMITH'S Industries is to stop making pocket and stop watches at its Ystradgynlais factory, West Glamorgan, in April. About 270 jobs will be lost.

Trust 90 years old

THE GUINNESS Trust, the charity that provides housing for single people, the elderly and lower paid, celebrates its 90th anniversary today.

Fine Fare price cuts likely to counter Asda

BY OUR CONSUMER AFFAIRS CORRESPONDENT

FINE FARE, the supermarket subsidiary of Associated British Foods, is expected to make price cuts today as another salvo in the retail grocery price war.

The move follows closely on the £5m package of cuts announced last week by the Asda superstores chain.

These campaigns are regarded in the grocery trade more as marketing skirmishes than a signal for an all-out price conflict.

Tesco and Sainsbury, which have had considerable success with the promotional campaigns in the past two years, are as price competitive as ever. Tesco responded to the direct challenge by Asda last week and undercut on a number of lines.

The company confirmed that this was only part of its normal tactics at store level and involved a few stores where it is directly competing with Asda. It has no plans for a new national price-cutting drive of the size of Operation Checkout in 1977, which involved price cuts of over £20m.

Fine Fare has about 5 per cent of the packaged grocery market, compared with more than 14 per cent for Tesco.

Council house sales profits 'distorted'

FINANCIAL TIMES REPORTER

SHELTER, the housing pressure group, has accused the Government of "fiddling the books" on council house sales.

An article in Roof, the Shelter magazine, says Ministerial claims that each sale is likely to mean profits for the public purse are "based on distorted and extreme figures."

Mr. Bernard Kilroy, its author, says that, in putting its case, the Government has deliberately ignored rental income after 20 years of a council house's life in order to show that selling would be more profitable than renting.

"All this dodge proves is that cash proceeds from sales exceed 20 years of net rent income. However, non-profit making houses would be expected to pay for themselves only after a lifetime of up to 60 years. To require sales to balance after 20 years would be underselling the asset by two-thirds of its value—ignoring 40 years of potential value."

FT Monthly Survey of Business Opinion

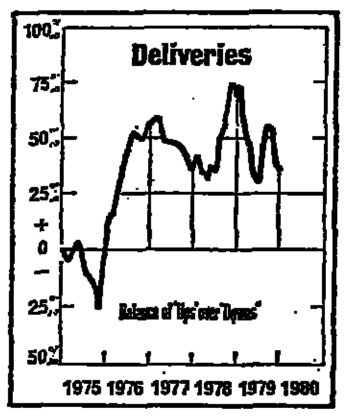
GENERAL OUTLOOK

Business gloom remains

CONFIDENCE about the general business situation continues to run at a very low level. The index of overall business opinion showed virtually no change last month, remaining at around its lowest for over three years.

Of the three sectors surveyed, the electrical engineering industry was more inclined to say that it was less optimistic than it had been when last sounded in September. Consumer durables and motors, as well as stores and consumer services were slightly more optimistic.

But all three sectors summed up their present feelings as "fairly pessimistic," with the engineering sector particularly gloomy about the onset of recession.



High interest rates, the steel strike, depressed world markets and increasing UK import penetration were all mentioned as factors reducing confidence.

The high exchange rate and problems on American markets was cited as pushing down optimism in the motors and consumer durables group. Mortgage increases and lower disposable incomes was hitting confidence in the stores and consumer service sector.

The index measuring confidence about the British economy showed a further drop. However, the rate of fall in the index of recent deliveries slowed down, mainly because of an improvement in the consumer durables group.

GENERAL BUSINESS SITUATION

4 monthly moving total — January 1980

Are you more or less optimistic about your company's prospects than you were four months ago:	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Motor Consumer Durables %	Stores Consumer Service Organs. %
More optimistic	24	22	24	24	15	7	17
Neutral	37	38	39	35	5	72	35
Less optimistic	39	40	37	41	80	21	48

EXPORT PROSPECTS (Weighted by exports)

4 monthly moving total — January 1980

Over the next 12 months exports will be:	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Motor Consumer Durables %	Stores Consumer Service Organs. %
Higher	52	59	61	62	59	60	100
Same	29	29	23	24	8	12	—
Lower	18	11	15	13	33	27	—
Don't know	1	1	1	1	—	1	—

ORDERS AND OUTPUT

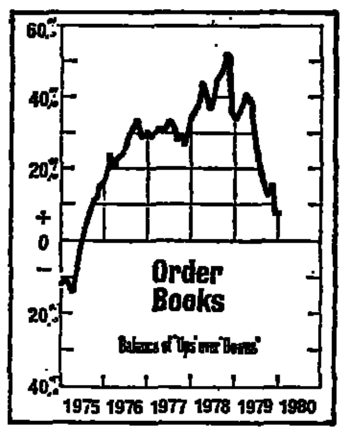
Slight upturn in orders

THE NEW order index showed a slight rise, arresting the almost continuous fall since the middle of last year. This was largely because of a better showing in the consumer durables sector, with spending on home improvements said to be particularly strong.

Electrical engineering orders were, however, affected by increased competition and the high exchange rate.

The index of order books showed no change, with better prospects among consumer durables offset by gloomier expectations in electrical engineering.

The index of export prospects dropped back after the better showing of the past few months. The index weighted by companies' export interests showed a sharp fall as a result of greater pessimism in the electrical engineering and consumer durables sectors.



There are more important exporters than the stores and consumer services branches, which were however somewhat more hopeful.

The exchange rate and increased competition were the main unfavourable factors cited by the electrical engineering group. Reduced demand from the Middle East was also restraining confidence.

NEW ORDERS

4 monthly moving total — January 1980

The trend of new orders in the last 4 months was:	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Motor Consumer Durables %	Stores Consumer Service Organs. %
Up	34	36	37	52	45	59	35
Same	18	18	20	12	10	33	23
Down	7	11	8	8	5	3	2
No answer	41	35	35	28	40	5	40

PRODUCTION/SALES TURNOVER

4 monthly moving total — January 1980

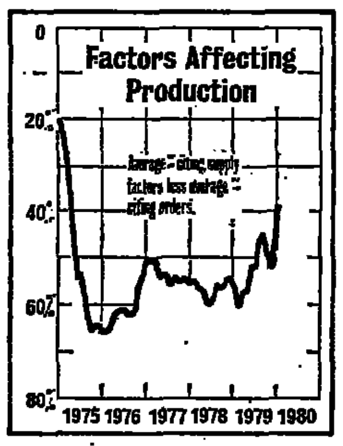
Those expecting production/sales turnover over the next 12 months to:	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Motor Consumer Durables %	Stores Consumer Service Organs. %
Rise over 20%	3	3	6	6	20	—	12
Rise 15-19%	3	5	3	4	—	—	—
Rise 10-14%	22	15	12	15	—	24	46
Rise 5-9%	17	20	23	22	25	18	—
About the same	46	51	50	43	55	15	14
Fall 5-9%	1	1	1	1	—	11	—
Fall over 10%	—	—	—	—	—	5	—
No comment	8	5	5	9	—	27	28

CAPACITY AND STOCKS

Better capacity use

BOTH the consumer durables and the stores and cosumer service groups were less inclined to say that they were operating at below planned output levels than they had been four months ago. As a result, even though the electrical engineering group was more inclined to report lower capacity working, there was a slight improvement in the capacity index after the slump of recent months.

Most respondents said the steel strike had not had an impact on production so far, with recruitment and raw material problems mentioned as the major difficulties hitting output.



The indices for expected volumes of work-in-progress and stocks of raw materials and components both showed declines.

Electrical engineering companies expected volumes of work-in-progress to decline over the next 12 months and the stores and consumer services sector was more inclined to expect branch stocks or the equivalent to fall.

STOCKS

4 monthly moving total — January 1980

	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Motor Consumer Durables %	Stores Consumer Service Organs. %
Raw materials and components over the next 12 months will:							
Increase	25	28	29	31	25	22	23
Stay about the same	39	43	47	47	15	25	17
Decrease	24	20	18	15	60	48	25
No comment	12	9	6	7	—	5	35
Manufactured goods over the next 12 months will:							
Increase	26	26	22	17	25	—	35
Stay about the same	33	38	43	49	35	38	—
Decrease	14	13	11	10	20	26	25
No comment	27	23	23	24	20	36	40

CAPACITY WORKING

4 monthly moving total — January 1980

	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Motor Consumer Durables %	Stores Consumer Service Organs. %
Above target capacity	14	12	10	10	5	16	5
Planned output	51	50	49	50	45	37	58
Below target capacity	33	36	37	36	50	42	25
No answer	2	2	4	4	—	5	12

FACTORS CURRENTLY AFFECTING PRODUCTION

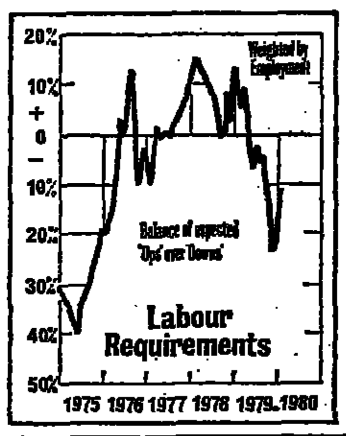
4 monthly moving total — January 1980

	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Motor Consumer Durables %	Stores Consumer Service Organs. %
Home orders	64	68	68	71	41	73	88
Export orders	41	52	54	63	45	55	—
Executive staff	12	7	7	9	35	—	23
Skilled factory staff	26	25	26	29	40	23	23
Manual labour	6	4	5	3	—	—	23
Components	14	11	11	9	45	33	—
Raw materials	11	13	16	16	5	18	—
Production capacity (plant)	7	8	9	11	5	2	—
Finance	2	2	2	1	—	17	—
Others	6	7	7	5	—	—	12
Labour disputes	30	33	38	47	75	70	—
No answer/no factor	8	7	7	2	—	—	12

INVESTMENT AND LABOUR

Capital spending down

THE DOWNTURN in investment which began last year looks like continuing for at least another 12 months. Both the electrical engineering and the stores and consumer service sectors were more inclined to expect capital spending to fall over the period than they had been last September. Consequently the capital investment indicator has dropped to its lowest level for the past three years. There has been a further drop as well in the indicator of liquidity levels with more companies reporting too low a figure.



All three sectors surveyed were less inclined to say that they expected their labour requirements over the next year to stay about the same rather than increase or decrease. This is somewhat ambiguous and could partly reflect the fact that the prospects for these sectors could be rather better than for industry as a whole. Companies are more inclined to mention uncertainty about the future as affecting employment requirements.

LABOUR REQUIREMENTS (Weighted by employment)

4 monthly moving total — January 1980

Those expecting their labour force over the next 12 months to:	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Motor Consumer Durables %	Stores Consumer Service Organs. %
Increase	23	15	15	15	36	13	51
Stay about the same	36	47	44	44	17	11	24
Decrease	39	36	38	39	47	76	25
No comment	2	2	3	2	—	—	—

CAPITAL INVESTMENT (Weighted by capital expenditure)

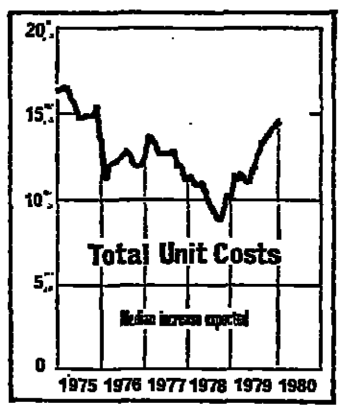
4 monthly moving total — January 1980

Those expecting capital expenditure over the next 12 months to:	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Motor Consumer Durables %	Stores Consumer Service Organs. %
Increase in volume	34	38	38	40	30	24	40
Increase in value but not in volume	12	17	21	21	—	25	—
Stay about the same	17	19	19	11	10	6	—
Decrease	17	12	14	19	30	7	48
No comment	20	14	8	9	30	38	12

COST AND PROFIT MARGINS

Price outlook deteriorates

INDUSTRY remains pessimistic about the outlook for cost and price increases. The indicators for both median expected wage and unit costs rises over the next 12 months have continued to climb to over 17 and 14½ per cent respectively.



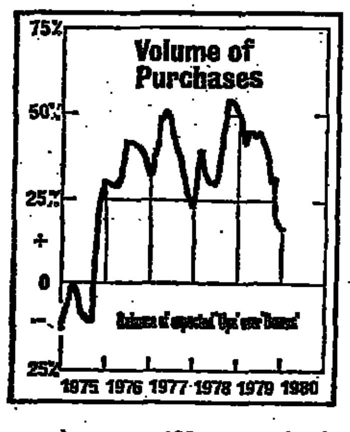
There has, however, been a rather smaller increase in the median expected rise in prices in the period—now about 15¼ per cent. This suggests that there is likely to be some erosion of profit margins, as most forecasters have predicted. However, the profit margins indicator has risen as a result of the attitudes of the consumer durables, and the stores and consumer service sectors and more companies expect profit margins to improve than to decline.

The latest inquiry also included questions about attitudes towards wage claims higher than the amount anticipated and the answers suggest that more companies now say they would resist such demands compared with last September. A further question revealed frequent references to staff requiring increased differentials in the electrical engineering group.

These surveys, which are carried out for the Financial Times by the Taylor Nelson Group, are based upon extensive interviews with top executives.

Three sectors and some 30 companies are covered in turn every month. They are drawn from a sample based upon the FT-Actuaries' Index, which accounts for about 60 per cent of all public companies.

The all-industry figures are four-monthly moving totals covering some 120 companies in 11 industrial sectors (mechanical engineering is surveyed every second month).



Complete tables can be purchased from Taylor Nelson and Associates.

COSTS

4 monthly moving total — January 1980

	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Motor Consumer Durables %	Stores Consumer Service Organs. %
Wages rise by:							
10-14%	15	18	21	27	35	12	—
15-19%	37	37	32	34	45	44	37
20-24%	11	10	10	5	—	22	28
25-29%	1	1	1	1	—	—	—
Same	1	1	1	1	—	—	—
No answer	35	33	35	32	20	22	35
Unit cost rise by:							
0-4%	2	1	1	1	15	—	—
5-9%	5	4	4	7	—	—	12
10-14%	33	41	43	44	35	34	23
15-19%	29	28	27	27	25	50	—
20-24%	8	6	5	4	—	11	23
Decrease	—	2	2	2	—	—	—
No answer	23	18	18	15	25	5	42

PROFITS MARGINS

4 monthly moving total — January 1980

Those expecting profit margins over the next 12 months to:	Oct.-Jan. %	Sept.-Dec. %	Aug.-Nov. %	July-Oct. %	Elect. Eng'g. %	Motor Consumer Durables %	Stores Consumer Service Organs. %
Improve	31	24	29	24	15	10	52
Remain the same	40	41	37	40	30	34	48
Contract	25	29	27	27	55	27	—
No comment	4	6	7	9	—	29	—

UK NEWS—LABOUR

Crucial decision in Robinson inquiry remains uncertain

BY ALAN PIKE, LABOUR CORRESPONDENT

MEMBERS of the three-man Amalgamated Union of Engineering Workers team inquiring into the dismissal of Mr. Derek Robinson, the BL Longbridge convener, have not yet agreed on the course of action they will recommend to the union executive.

The three executive members on the inquiry team have prepared about 200 pages of background material and statements from witnesses during hearings into the case of Mr. Robinson, who was dismissed after being accused of undermining the BL recovery plan.

The crucial section of the team's report, which will determine whether the AUEW takes official action in support of Mr. Robinson, is still unwritten.

Until this is complete it remains uncertain whether the three members of the inquiry will be able to come to a unanimous recommendation as to how the next stage of the affair should be handled.

The inquiry was set up after the AUEW drew back from an immediate official strike over the dismissal of Mr. Robinson, forcing the Transport and General Workers' Union, which had sanctioned official action, to send its members back to work.

Under their terms of reference the inquiry team has to decide whether Mr. Robinson was unfairly dismissed. Whatever recommendations they reach, the final decision on further action will be made by the full executive.

If the inquiry's recommendation were in favour of supporting Mr. Robinson, the executive would have to assess the likely level of shop-floor support for what would be a very difficult fight.

As recently as last week Sir Michael Edwardes, chairman of BL, said that it would require "something remarkable" to persuade him to take Mr. Robinson back. He claimed that there had been an 87 per cent increase in disputes during the time that Mr. Robinson was Longbridge convenor compared with the period of office of his predecessor.

TUC asks Welsh unions to temper militant line

BY ROBIN REEVES, WELSH CORRESPONDENT

THE TUC has asked Welsh trade union leaders to moderate their militant stance against the threatened steel and coal closures in South Wales which, it is feared, could lead to a general strike.

At present, a triple alliance of coal, steel and transport unions in Wales is committed to an all-out strike from March 10. This is unless the British Steel Corporation agrees to a two-year postponement of the mass redundancies planned in the Welsh steel industry and abandons its switch from domestic to cheaper foreign supplies of coking coal.

Mr. George Wright, the Wales TUC general secretary, is to meet Mr. Len Murray, general secretary of the British TUC, in London today to discuss the position. The national request will be considered at a special meeting of the Wales TUC's general council on Wednesday.

Last week's Wales TUC "day of action," which caused widespread disruption in South Wales, was intended as a show of local protest prior to an all-out stoppage.

Without a postponement of BSC's plans, the Wales TUC calculates that the overall loss of jobs in the region will quickly rise to 50,000 — boosting the unemployment rate from 8 to 13-15 per cent — because of the many local industries dependent on the steel and coal base.

Mersey peace expected today

A SETTLEMENT is expected today of the 10-day-old unofficial strike of 234 shore gang men on the Mersey. This has caused disruption in the port, with eight vessels diverted and half a dozen strikebound.

A peace formula will be discussed this morning between the four private firms involved and the shore gang section of the Transport and General Workers' Union.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● DESIGNING

Speeding production of graphics

COMPUTERVISION, a company which started in Massachusetts in 1969 with a couple of people and now employs 2,000 generating sales almost certain to exceed $120m in 1979, has launched the latest of its design/manufacturing computer-aided graphics aids.

Philosophy of the company from the start has been to bring together basic product design and design for manufacturing into one computer-aided graphic system, called CAD/CAM.

Thus, on the screen, design, analysis, detail construction, documentation, numerical control programming, tooling, fabrication, assembly, test and inspection can all be integrated into a total design concept.

This company is also unusual in that it designs and makes its own minicomputer for use in the CAD/CAM systems. Latest machine is the CGP-200, which employs functional distributed architecture to off-load repetitive graphics tasks from whatever central processor mainframe is employed. More speed is obtained and it becomes possible to use more terminals with the one mini.

The new system is called Designer V and, apart from the new mini, it employs a new terminal called Instaview, using raster scan display and a suitably enhanced software package called CADDS 4 to take advantage of the hardware upgrade.

Display on the terminal (19 inches diagonal) is a raster scan crt with 512 x 512 addressable points and the command tablet is a micro-processor based digitiser which allows rapid command input over a limited area and cursor control, or the digitisation of an entire 17 x 24-inch A2 drawing using the full area. For each terminal an intelligent controller is provided (integrally), having its own 32k x 16 bit memory. An image control unit gives pushbutton control of many repetitive graphic display functions. A thermal dot matrix printer is also provided for permanent copies.

Distributed intelligence and the new raster display provide extremely convenient image manipulation and fine discrimination.

Such changes as dynamic zooming, rotation and panning, perspective, selective blinking and up to five levels of intensity are all quickly obtained by button depression.

Rapid image alteration with Designer V largely stems from the display tube with its ¼m separately addressable image points. Many previous systems have used a storage tube in which an image has to be "painted" on the tube phosphor, a lengthy process in spite of high writing speeds. Since all the points of an image can be lit up at once with the raster tube, even a very complex image is unlikely to take more than one minute to build up.

For the same reason, the image can be intelligently altered as required, for example rotated or zoomed in on. Some extraordinary effects can be achieved: the user can for example "go inside" a line representation of a building.

Just as important however, is the liberal distribution of intelligence within the terminal, lifting the load of run-of-the-mill image manipulation from the associated mainframe and allowing it more time for database management and fundamental calculation jobs.

More from the company at 1040 Uxbridge Road, Hayes, Middlesex. (01-561 2626.)

● CATERING

Cleans pots and pans

ONE OF the most difficult areas to operate efficiently is the pot-wash part of a major kitchen. Lack of specialised mechanical assistance has meant that this laborious and time-consuming task has had to be carried out by hand, says Imperial Machine Company (Peelers), Harvey Road, Croxley Green, Hertfordshire (09237 79311).

Offering a new way to cope with this old problem is the company's Pot Boy wash machine which, in addition to cleaning pots and pans, is said to remove the burnt-on carbon deposits which often defy an automatic dishwasher and certainly defeat the manual washing up exercise.

This comprises a flexible shaft rotary brush unit which is normally wall-mounted although, mounted on an optional trolley, it can be wheeled around to other locations. In this latter form it can clean hob plates and griddles, scour out ovens, scrub sinks, and even repolish stainless steel tabling.

A foot-operated control switch leaves both hands free to utilise any of the three interchangeable brush heads — a nylon bristle for inside pan cleaning, a "Magiknt" pad brush for stubborn or encrusted deposits, and a stainless steel wire brush for general equipment cleaning purposes—all pull-and-push off and on.

● HEATING

Boiler for all fuels

PROMISING TO ease the heating worries of domestic and commercial users concerned with escalating energy costs and dependence on a single energy source, is the Heatech HDG smokeless, multi-fuel boiler from Heatech Multi-Fuel Heating Centre, Central House, Riccall, York (0484 777).

This is said to offer exceptionally economical and pollution-free burning of coal, wood, wood-waste, oil, gas, or even household refuse.

Fuel is burnt in a small area at a very high temperature. Any smoke which is produced at the top of the fire rises and is then mixed with a secondary air and passes down to a chamber at the front of the boiler where it is mixed with primary air and is re-injected into the bottom of the fire to be burnt off in the high temperature there.

This combustion process produces exceptionally clean gases, asserts the company, and these gases burn rather like propane with a yellow/blue flame.

Burnt gases pass through the oil burner chamber and rise vertically between two boiler surfaces before passing back down one of two heating surfaces (the oil or solid fuel heating surface depending on the fuel selected) and then, again, along more boiler surface, before reaching the flue outlet.

Very fine dust is deposited by the solid fuel on the boiler surfaces which results in a drop in efficiency of 1-2 per cent when using oil. Thus, when oil is used, the oil boilers heating surface—which is very clean—is selected.

This sophisticated by-pass system is said to not only allow exceptional boiler efficiency (plus economy) but also ensures a smoke and odour free environment since almost 100 per cent of all fuels is burned. Thanks to the built-in flue ash chamber, this applies even when household refuse and paper are burnt.

Built to an Austrian design, the system employs a single chamber, double-burning boiler offering extremely high heat production, and with 85 to 89 per cent overall boiler efficiency irrespective of the fuel used. Its specially designed grate, two cleaning openings, two ash drawers, and easy replenishing, provide particularly simple operation.

● PROCESSING

Saves time and cuts costs

A NEW rubber processing machine designed by Baker Perkins Chemical Machinery and installed at J. H. Fenner's works in Hull is reported to have enabled recovery of capital invested within six months.

The totally enclosed, vertical mixer, has replaced a conventional open topped Sigma blade machine from which a high proportion of methylene chloride was lost through evaporation.

Besides the saving in methylene chloride, says Baker Perkins, the soak times for both compounds—natural rubber and Neoprene—have been reduced from the once obligatory 24 hours to eight. The mixing cycle time has also been greatly reduced.

Fenner says the improved mixing action of the new machine enables it to meet extremely urgent deliveries without soaking in which case the mix time is extended to six hours. Even this still renders a saving of 21 hours.

A further disadvantage with the old method, says the company was that cleaning posed problems and created losses in productive time. In the new system the tub of solution is merely wheeled into position and locked below the mixing head.

The blades descend and withdraw at the end of the cycle after which the tub is removed. Only the blades have to be cleaned before starting the next batch.

The blade action is planetary, with the entire head revolving. The blades rotate clock and anti-clockwise. The path they describe covers the complete mixing area—top to bottom and over the entire diameter. This and the very close fit, engineered to suit the shape of the free-standing mixing vessel, account for the results achieved.

● WOODWORKING

Handles the off-cuts

A TRADITIONAL problem in the woodworking industry, is that it has required a full time operator to manually feed off-cuts of differing sizes into a hogger (a machine which converts the wood into chips either for storage or fuel).

Now, from Sweden, is the ERJO automatic feed available in the UK from Extracta Engineering, Holder Road, Aldershot, Hants (0252 316661).

With the use of the ERJO, off-cuts of up to 3 metres long are tipped from a skip on to a fork-lift into the 10 cubic metre feed bin of the unit. The off-cuts are then lifted from the bin in the vertical plane by a conveyor belt on to another belt travelling horizontally to the hogger.

A series of protrusions on the first belt are of such a width as to pick up the right amount of off-cuts to feed the hogger while allowing surplus material to fall back.

The company says that this simple but efficient device avoids excess material being dumped on to the horizontal conveyor with consequent danger of jams and, by speeding up the main motor, higher throughputs are obtained. The lifting conveyor belt can be modified to suit different types of off-cuts.

● PACKAGING

Skin packs produced non-stop

AN AUTOMATIC continuous motion skin packaging machine has been produced by Ridat Engineering Company.

The company says, the machine is able to pack products which would move out of position on an intermittent motion machine. The only manual operation is placing the products on the cards by the operators. All other stages of the packaging process are completely automatic, from loading the cards on to the continuous conveyor to the discharge of the completed, cut out skin packs at the other end of the machine.

Ridat Engineering Company which is at Fishponds Road, Wokingham, Berks. RG11 2QE (0734 785333) will show the machine at the International Packaging Exhibition in Birmingham which opens on March 17.

● PRINTING

Magazines finished fast

EAST MIDLAND Litho Printers of Peterborough can now produce stitched, trimmed, inserted, counted, stacked and wrapped magazines at up to 14,000 copies per hour since the installation of a second high-speed Muller Martini 300 saddle-stitch and trimmer line.

This must rank as one of the most modern automated finishing departments in the country and can only be equalled by a few printers on the Continent, says Hill and Knowlton (UK), Swiss Centre, 10 Wardour Street, London W1 (01-734 7617).

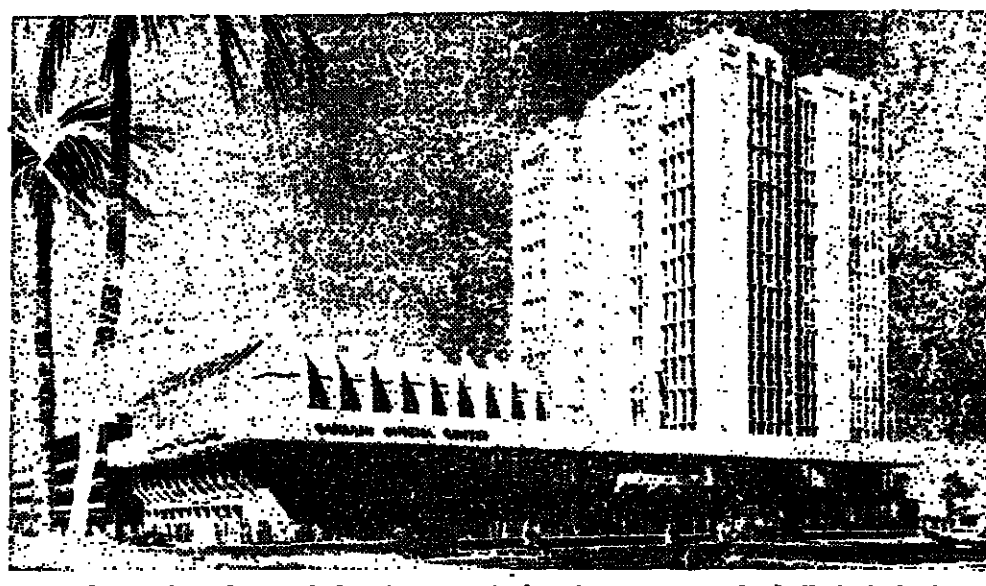
Latest machine is of a low-profile design and the signature feeders will accept blocks of signatures 1.2 metre long which have previously been ram bundled directly from the press on two Jumbo Stackers 244. Both stitchers have connected to them model 277 inserting machines for placing up to four loose pre-printed leaflets, mailing pieces, etc., into the magazines which are then deposited into compensating stackers producing neatly stacked and counted bundles.

These stackers are connected to conveyors and diverters transporting the bundles through to final filmwrap, shrink-wrap tunnel and strapping.

The whole of this system has been designed with an eye to the future as well as the present, and further units can be incorporated at any time with full utilisation of the existing plant.

Building and Civil Engineering

Cinema and shops centres


Impression of one of the cinema and shopping centres to be built in Bahrain.

TENDERS ARE expected to be returned soon for two 950-seat cinemas and shopping centres in the State of Bahrain, one in Manama and the second at Muharraq. Both are to be erected on reclaimed land.

Each of these developments is to be built in two phases. At Manama, phase 1 includes 2,880 square metres of shops at ground and first floor, the cinema at first and second levels with its entrance from first floor shopping mall, and 1,450 square metres of offices at second and third levels. The second phase, an office tower, will add 11 further storeys with a floor area of 10,150 square metres.

The first phase of the complex at Muharraq will have 1,400 square metres shopping area at ground level with the cinema at first and second floors, the second phase adding 2,880 square metres more of shops and an office tower with floor area of 10,150 square metres.

The steel-framed buildings will have precast concrete panels with vertical precast concrete fins, bronze aluminium windows, and a canopy at second floor level to give shade and protection from reflective glare for the two storey shopping podium below. Total cost of both projects is expected to be in the region of £4.75m with completion of the first phases in the middle of next year.

The Bahrain Cinema and Film Distribution Company has appointed White, Young as project managers and these consulting engineers will also be responsible for the civil and structural design. Assael Rowe-Parr Consultants are the architects, and the mechanical and electrical design is being undertaken by I. F. P. Arabia.

Over £24m won by Norwest Holst

RECOVERY OF 1.15m tonnes of high quality coal by opencast methods from Buckhead site near Bishop Auckland, County Durham, will cost the National Coal Board Opencast Executive about £13m—this project is the largest announced in a batch of awards just won by Norwest Holst companies which total over £24m.

As the coal is retrieved by McGregor Opencast Mining, the land (including adjacent derelict areas) will be progressively restored to agricultural use. Work will start soon on this the largest contract ever awarded to this company and completion is expected in 1986.

Other main jobs include a £1.3m contract from Davy International process engineering division for the construction of foundations for a coal preparation plant at NCB Kellingley Colliery, Knottingley, West Yorkshire; a £1.5m project from Foster Wheeler for work at Shell Chemicals UK Stanlow Plant at Ellesmere Port, Wirral; and a £1.7m contract from Colwyn Borough Council for the construction of a leisure centre and swimming pool at Eirias Park, Colwyn Bay.

Contracts awarded also include work for Milton Keynes Development Corporation, Austin Company (UK), English Industrial Estates Corporation, Giggling Dod Partnership, and the Scottish Development Agency.

Costain to build Gatwick Hilton

WORK HAS just started on the five-storey 300-bedroom Hilton International Hotel which will have a direct bridge link with the Gatwick airport terminal. The £10½m contract has been won by Costain Construction which will complete the project in early 1982.

The link from the terminal is at first-floor level, leading directly to the focal point of the air-conditioned hotel — a 10-metre-high central covered court which incorporates the reception area, lobby, bar and hotel shops.

On the opposite side, the ground level entrance leads directly by escalator into the central court. At ground level is the main restaurant, coffee shop and bar, and a health club with an adjacent enclosed and heated swimming pool. Other facilities on this level include conference-ballroom accommodation for 400 people and function rooms for 145 people.

Guest rooms occupy three upper floors of the structure and are also situated on each wing of the H-shaped building at first floor lobby level. The building will have mass concrete pad foundations taken three metres below general ground level.

The ground floor floating slab is 150 mm thick reinforced concrete, and the upper floors will be of flat slab construction 300 thick at lobby level—250 mm thick for the bedroom floors with 400 mm thick reinforced concrete slab to the roof plant area on the fifth floor.

Hardcolor anodised aluminium windows will be fitted to the guest rooms and public areas, glazed with hermetically sealed double-glazed units, the outer pane having bronze-tinted glass. Solid panels adjacent to the windows will also be clad in tinted glass, and the structure "expressed" externally with free-standing columns to the ground floor.

Contract also includes internal finishes, mechanical and electrical services and a new access road as well as extensive landscaping.

Architect is Yorke Rosenberg Marsall, surveyor Wakeman Trower and Partners, structural engineer F. J. Samuely and Partners, services engineer Lehr Associates of New York and interior designer is Graham Solano.

Field gets factory job in Leeds

WORK HAS already started on clearing a 2½-acre site for a factory and ancillary offices in Gelderd Lane, Leeds, for B.D.C. Cabinets, to be built by Field Construction under a £1.5m contract.

New project is the first phase of a £2.5m development programme for the kitchen unit manufacturer's 6½-acre freehold site, and the new purpose-built factory will create a further 100 new jobs over the next two years.

Lelliot is busy in London

CONTRACTS worth £3.2m have been won by John Lelliot.

The largest valued at £1.1m is for The Boots Company in Kensington High Street, London W8. Work includes fitting out ground and first floor sales areas and basement stock room, and the introduction of new lift shafts and escalator. Air conditioning and a sprinkler system will also be installed.

At Hutchinson House, Burgon Street, London EC4, Lelliot is refurbishing a six-storey building for Dron and Wright for use as the latter's new head office. Work includes fitting out floors, lift installation, new heating, aluminium sliding windows and cleaning external brickwork.

Renovation work on a five-storey building in Wilson Street, London EC2 for C.S.R. Investments has begun. New stairs, lift, mechanical and electrical services, and an additional floor at existing roof level are included in the £854,000 contract.

Under a fourth award, a laboratory is to be built at Hammersmith Hospital, London W12. The £480,000 building will be constructed at roof level of the present L-block with a steel frame and reinforced concrete floor.

Again in London, refurbishment work at Greenwood House, in Salisbury Court, EC4, includes partial gutting and the introduction of a new lift shaft and stairs. A new mansard roof is to be built and the building decorated externally and internally to provide office accommodation. Architects are Thomas Saunders Partnership.

£4m awards to Finnegan

CONSTRUCTION of 15 unit factories for Northampton Development Corporation at West Brackmills is one of eight contracts, valued together at about £4m, recently won by J. F. Finnegan. This project is worth £2.3m and is scheduled for completion next January.

At Glebe Farm Industrial Estate the company will build a further warehouse unit for Maingrove at about £631,000.

Office and canteen block at Worksop is worth £174,000 under an award from Gerhard Moeller.

Two contracts for Medway Borough Council are worth about £193,000 and £111,000 respectively, and comprise improvements to dwellings at Strood and Rochester.

North East Derbyshire District Council has awarded a further contract in the development of its offices at Chesterfield which will provide a four-storey extension valued at £274,000.

Factory extension and new offices costing about £100,000, are being undertaken for Sheffield Gear and Engineering Company, and MFI Furniture Group has awarded a £290,000 contract for the construction of an office block at its Northampton depot complex.

Bryant contracts

THREE CONTRACTS with a total value of £4.5m have been awarded to Bryant Construction.

First project, worth £2.05m, is for Telford Development Corporation and comprises 131 dwellings, including 9 bungalows, of traditional construction at Leegomery 10A, plus construction of estate roads, footways, sewers and external works.

Bryant Samuel Investments has awarded £1.75m for the development of the second phase of the Fort Industrial Park, Castle Bromwich, Birmingham, involving 16 single storey steel framed warehouse units with attached single storey brick built offices.

The third contract is for the refurbishment of 105 pre-war council dwellings at the Leamore Phase 2 site for Walsall Metropolitan Borough.

£1.6m office block

OFFICES FOR Argyll and Bute District Council at Lochgilphead, Argyll, on the West Coast of Scotland, are to be extended under a £1.6m contract awarded to Gilbert Ash Scotland.

The contract covers the construction of a two-storey office block with a lower ground floor section which will be linked to the existing building. The building will have a reinforced concrete frame, in situ concrete floors and roof, and the external cladding will be a combination of glass, glass reinforced concrete panels and stone.

Construction has already started and will be completed in August, 1981.

Retail store extension

A NEW air-conditioned six-storey building is to be built behind Fenwicks' store in New Bond Street, London, W.1.

Member of Taylor Woodrow group, Myton, will undertake the work which includes demolition of part of the present building (but with retention of the existing listed facade), provision of new sales and service area together with escalators, all of which will result in additional floor space of some 3,750 square metres.

Architect is T. P. Bennett and Son, consulting engineer R. T. James and Partner, and quantity surveyor C. E. Ball and Partners.

City office block gets a refit

REFURBISHMENT of Woolgate House, Coleman Street, London, EC2, the European and Middle East headquarters of the Chase Manhattan Bank, NA, is to be undertaken by Trafalgar House Group member Trollope and Colls (City). The contract is worth £6.3m.

The work involves complete refitting and refurbishing of the ten-storey office building. There will be a new banking hall, staff and client dining rooms, telecommunications suite and training classrooms.

All this will involve new partitions and ceilings, communications systems and light fittings. The heating and ventilating system is to be modernised and a new electrical system will be installed.

Woolgate House, which will be occupied throughout the contract, will when refurbished in two years' time provide 330,000 sq ft of office space.

Consultant architects are Skidmore Owins and Merrill of New York and the local architects are the Thomas Saunders Partnership.

Tilbury Group orders

LARGEST CONTRACT in a batch of work, worth £1.15m to Tilbury Contracting Group, is a £356,000 job placed by the City of Southampton, for a 15,000 square metre car park for use by the Ford Motor Company.

Central Electricity Generating Board has also contracted the company to build a new 400 kV sub station at Culham, near Abingdon, with a value of some £215,000.

A library is being constructed under a third contract for the Department of Architecture, London Borough of Bromley, at Biggin Hill, under a £205,500 contract.

Finally, the company will reconstruct Camerton Bridge, near Radstock, at a cost of £103,000, for Avon County Council.

£4m R. M. Douglas awards

OVER HALF of new contracts worth £4.2m won by R. M. Douglas Construction and its Scottish subsidiary cover work for industry.

Included in the new jobs are factory extensions at Aycliffe (£901,000) for 3M (UK) where work has started on a contract period of 38 weeks.

Factory for the Welsh Development Agency at Wattstown, South Wales, is valued at £818,000. Work has already started here and is due for completion in 33 weeks.

Work will start later this month on a TAVR centre at Newcastle-upon-Tyne for the TAVR Association for the North of England. This is valued at £731,000.

IN BRIEF

● Kind and Company (Builders) have started work on the new office development in North London for Falqui consulting engineers which was awarded on a turn key basis.

● Provision of 28 small business units is under way at Aycliffe New Town, County Durham, under an £868,000 contract won by R. L. Wade and Son, of Bishop Auckland, who plan to complete during August this year.

● Rebuilding is due to start soon at Bedford School (gutted by fire nearly a year ago) under the £2.5m management contract awarded to John Laing.

● Tarmac has won a £285,000 contract for a reinforced earth wall project using the French Terre Armee system. The two stretches of wall—between them 250 metres long—are being built at the site of a big new Co-operative Wholesale Society superstore at Maryhill, Glasgow.

● In the £2¼m worth of new orders received by Manitowoc UK is one from Wimpey Plant for a 150-ton crawler crane to be used on Pembroke Dock in Wales. Two 230-ton cranes are going to the Electricity Supply Board of Ireland for steel handling at a new coal-fired generating plant, while Shephard Hill and Co. has ordered a 15 cubic yard dragline.

● Yorkshire furniture manufacturing Geo. A. Moore is to supply £5m worth of kitchen furniture for more than 30,000 homes for London Boroughs and housing associations over the next three years.

● Home Charm has contract with D. Wilson (Birmingham) for a £¾m 25,000 square foot DIY centre and 10,000 square foot garden centre at Scunthorpe, to be occupied by Texas Homecare.

For drying out buildings

ABLE TO be carried in the boot of a car or in the smallest van is a transportable building drier called Driking Mini, announces Greenham Humidity Control, Broadmead Road, Ruislip Road, Northholt, Middx. (01-575 4198).

Aimed for the hire trade (particularly where a small shop may have no delivery service) it will prove a boon to the DIY man, smaller builder, local council maintenance departments, etc.

It is specially designed for drying out quickly newly plastered surfaces—walls and ceilings—floor screedings, ceiling tiles, the aftermath of flooding and fire damage, burst pipes, rising damp—also carpet drying, storage, etc.

Controls are simple to operate and it will plug into the standard power supply.

Mixed bag of work

FOUR contracts totalling £1m have been won by Cementation Construction (Trafalgar House Group).

The biggest award is for the erection of two warehouses at Portishead, Somerset, for the British Rail Property Board. This £664,000 contract is to be completed in 36 weeks.

The other contracts, totalling about £336,000, include building a balancing reservoir for West Yorks. Metropolitan County Council, replacing parapets on the A465 for the Mid Glamorgan CC and modifying the Port Clarence Slipway for sister company Cleveland Bridge and Engineering. This Teesside operation is to permit the launching, on "water skates," of the Thames barrier gates in the spring.

Boot works for Boots

TWO FITTING out projects for the Boots Company are to be carried out by Henry Boot Construction on a management contracting basis.

The first contract is on Bridge Street, Warrington, adjacent to the market complex, and the second is situated on Foregate Street, Chester, in the main shopping district.

Retail units by Roberts

CONSTRUCTION of two retail units in Risbygate Street, Bury St. Edmunds, Suffolk, is to be undertaken by A. Roberts (Building). The work, which will cost over £1.3m, is to be carried out for Anglia Commercial Properties of Brentwood, Essex.

Architects for the schemes are Pawling Durrant and Associates and the quantity surveyors are W. S. Jackson and Associates. Respective completion dates are September and December this year.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Nicholas Leslie on why the founders of Ratcliff, the UK's largest maker of lorry tail lifts, brought in professional management

Giving lorries a lift . . .

ANY company that in less than five years springs from nowhere to dominate its fast-expanding market must have something special going for it. In the case of Ratcliff Tail Lifts that something special is its founder, John Ratcliff, and his sister, Jean.

Ratcliff's product can be seen all over Britain on the backs of numerous lorries, trucks and trailers. It is a platform lift, running on vertical pillars and powered by the vehicle's battery. Since Ratcliff was founded in 1964, it has remorselessly moved into a position of dominance and now, though still a private company, claims to have between 80 and 85 per cent of the UK tail lift market.

Ratcliff's success is due in part to its product. Behind that obvious statement lies a single-mindedness of purpose that even today places it as the only company in the UK founded, and still concentrating, on tail lift manufacture as its primary activity (competitors generally form an ancillary activity within larger engineering groups). Thanks to a belief that "nothing is impossible," there has also been a willingness to meet customers' particular design specifications.

This philosophy has been given enormous drive by John and Jean Ratcliff. Both are extrovert and somewhat larger than life. Both command respect and affection within the company and among customers — John as an ideas and marketing man, given on occasion to magnificent gestures and Jean, as much as anything for having succeeded in the male-dominated transport industry. Having entered it as an attractive 22-year-old she quickly won acknowledgement for her abilities in running the company.

Yet in 1976 both stepped aside from the mainstream of company life and handed it over to "professional management." For the owners of a private company to make such a move is uncharacteristic in itself—it is far more common for such people to hang on with a tenacity that can damage their creation. To step back at so early an age is probably exceptional: John was then 40 and Jean 33.

Yet behind the move was not only an unusual perception of the pressures and problems that their company's growth was generating, but an equally unusual approach to solving it.

Despite Ratcliff's domination of the UK tail lift market, it had failed to make any real impression on the Continent. It was also becoming more and more committed to a development programme involving a new type of vehicle transmission, that it hoped would give Ratcliff a second "leg." At the same time, the company had not taken advantage of the economies in manufacturing cost that were justified by its increasing volume.

The group had reached the hurdle faced by most developing private companies where, having successfully established itself on the back of one product, new pressures begin to be generated by rapid growth. Crucial questions need to be answered if the pressures are not to become overwhelming: whether to restrict the company's size so that owner/managers can continue to control the entire operation; whether to go for growth, and gamble against losing that necessary measure of control; whether to try to develop internally a layer of middle management that will relieve the owner/managers of some of their decision-making responsibilities; or whether to bring in top-level management with the necessary ability and experience to steer the company along the right sort of growth path.

Finally, of course, there is the question of whether the owner of the company avoids all these alternatives and simply sells up and retires to enjoy the fruits of his labours or start out on a new venture.

All of these options were carefully considered by John and Jean Ratcliff. John had spent 12 long and hard years building up the company from humble beginnings in a run-down garage in Stoke Newington in North East London, into a business with a turnover approaching £3m with manufacturing plants at the Welwyn Garden City headquarters, in Hertfordshire, and at Northampton and Garforth, near Leeds.

He had based the company on an idea originally developed by his father, Ted Ratcliff, and had been spurred on by his father's uphappy experiences after he had sold his designs and patents in the early 1950s to Burtonwood, a company with a very good name at the time for engine reconditioning.

Burtonwood went through some changes of ownership and along the way Ted Ratcliff was levered out of his job with the company. At the same time as he brought a successful legal action against the company, it emerged that the patients on Burtonwood's tail lifts were no longer valid. So John stepped in with his own designs that had features in common with Burtonwood's and set up his own tail lift company.

Two years after the business was established Jean Ratcliff joined to take charge of administration. A year later (by which time John reckons Ratcliff already had a 30 per cent market share) the company moved to better premises at Cheshunt. At about the same time, Burtonwood, still making taillifts, was taken over by Associated British Maltsters. ABM approached John Ratcliff with a £250,000 offer but he rejected it because "we so enjoyed doing our own thing and could not really see anything to stop us from growing."

Three years later the roles were reversed. In 1970, after Ted Ratcliff died, John heard that ABM was unhappy with some of its diversification into engineering and he made a successful offer to buy Burtonwood. In that year Ratcliff's turnover totalled £750,000. The following year, with Burtonwood, it doubled and Ratcliff moved from Cheshunt into Burtonwood's much larger premises at Welwyn Garden City.

Hugh Routledge

Left to right: John Ratcliff, Jean Ratcliff and James Lines

. . . raises a small firm's tempo

BY 1971, the year in which their company doubled its size, John and Jean Ratcliff had become acutely aware of how radically the company's nature was changing and had reached "a stage where we needed to direct the business rather than the business run us." Some formality was introduced into management, with John as chairman, adopting a brief to look for other activities to expand the company, and Jean, as managing director, having sales, production and financial functions reporting directly to her.

Then in 1974-75, some fateful steps were taken to diversify into new markets and products. Ratcliff Europe was set up to spearhead a drive on the Continent, and a controlling interest acquired in Advanced Vehicle Systems, a company which owned a licence to develop a new type of transmissions system for electric car applications. (This was later extended to fuel-driven vehicles such as earthmoving equipment and lorries. Ratcliff believes it is in sight of producing such transmissions on a commercial basis.)

At the same time, Ratcliff acquired Robar, which made the hydraulic cylinders used in Ratcliff's tail lifts and a licence was granted to Maxon Industries, a U.S. manufacturer of tail lifts and refuse vehicles, to manufacture Ratcliff-type tail lifts in that country.

Spurred on

But this spate of expansion—which had been spurred on by John Ratcliff's constant eagerness to find new opportunities and strengthen the main business—created problems. The European operations, based on an agency business controlled from Holland, just did not work. Europe began to soak up cash, as did the transmissions venture, which anyway was not expected to show a quick return. So, in spite of increasing UK turnover of tail lifts, profits began to fall, while borrowings went up.

Although the company was in no real danger — both Europe and transmissions could have ben discontinued at a moment's notice — a fresh initiative was clearly needed. John and Jean then considered all the options, but dismissed almost out of hand a sale of the company. The way they then faced up to the situation can only be described as quite remarkably frank and perceptive.

"At this crucial point," says Jean, "we were getting to a stage where the things we needed to do were not an easy and natural extension of our capabilities. Yet we recognised our inability to change." And John's view was that "we were moving from running something that was natural to us towards needing people who were experienced in management controls and in establishing budgets and implementing them. We were looking for more professional skills."

This analysis hit the nail on the head. John, a chartered engineer enjoys the broad-brush approach to business, revelling in the search for new ideas and the role of ambassador for his company. But he dislikes the detail of business that goes with controlling and planning. Jean, similar in many ways, is a good administrator but prefers the smaller company environment which allows her to see quick and direct results from her actions and decisions.

Since both were in a position to choose whether or not to push themselves into areas of management outside their natural inclinations they opted for bringing in a managing director with the experience necessary to steer the company into the big time.

That, however, did not prove easy. Although over 150 people sought the job, the one man they were convinced was right for them not only did not apply for the job, but kept turning them down. James Lines, formerly managing director of Rank Radio International had relinquished that position in the aftermath of the fracas between former Rank Organisation chairman, Sir John Davis, and the then chief executive Graham Dowson.

Despite being an almost exact opposite of the Ratcliffs—quiet, somewhat introverted and preferring to remain in the background while laying the plans for others to put into effect—Lines and the Ratcliffs struck an instant rapport. Nevertheless, he rejected their offer three times ("He could not believe he would be left alone to get on with things," says John) before agreeing to join on the basis that if things had not worked out after six months he would leave.

Lines eventually opted for Ratcliff for a variety of reasons. These included his belief that the smaller company environment would provide a refreshing change from the pressures of a large organisation, particularly the political ones. He also had a feeling that Ratcliff had enormous potential which would prove a challenge to exploit.

His arrival at Ratcliff in April 1976 was to herald a subtle but nonetheless significant shift in the orientation of the company. Under John and Jean the business had a strong marketing orientation, a feature emphasised by their fellow director, Dick Rallison, who has been with Ratcliff since 1967 and is now deputy managing director.

As a result, and perhaps also because the momentum the business had built up had concentrated attention on the day-to-day business of getting the goods out of the door, investment in new plant had been somewhat neglected.

Gradually, Lines has put money, and new middle management, into the manufacturing side of the business. There is a new works superintendent, production controller, industrial engineering manager and chief design engineer. Indeed, this shifting balance between sales and manufacturing has just been further highlighted by the appointment to the board this month of Bob Nice, the manufacturing manager (he joined Ratcliff three years ago as industrial engineering manager), as manufacturing director.

Implanting a broader management base has not been a painless process. Some existing employees have had to adjust to people coming in over their heads, while a few new appointees have proved unsuitable for some reason, even at a senior level, and have had to be replaced.

New production and financial controls have been introduced in the past three years, either as totally new innovations or as reinforcements for systems which already existed. The Welwyn factory has been reorganised to improve production flow (though this process is still awaiting completion) and a toolroom has been established to improve the tooling for components which Ratcliff itself manufactures.

A major innovation has been value engineering, a technique for analysing in detail the cost and performance effectiveness of products and manufacturing processes. It has already scored some notable success, although a comprehensive value engineering and costing programme for the original tail lift models has still to be completed.

Adjustment to the pace of change has in many ways been made more difficult by the rate of expansion. Between 1971 and 1977 turnover rose from £1.5m to £4m. This year sales should top £10m, with the number of units manufactured exceeding 7,000, compared with 5,200 in 1977. Profits are expected to reach £500,000 — in 1977 they were just over £180,000. The workforce has risen from 267 to 348 since 1977.

With so great a market share already, Ratcliff's priority is to retain its position rather than aim for greater market penetration. For this it must rely on good after-sales service.

The management is particularly aware of this and is consequently endeavouring to plug the gaps in its service. It has some problems. Lifts are made either as "fits" (which means they are attached at a Ratcliff factory) or "kits," which go out ready-made for fitting by the customer, a majority of whom are vehicle body-builders. Improved control systems to ensure that no shortages of parts occur when "kits" are sent out or spares are ordered are being actively sought. Great store is being set on cracking this particular problem with the help of a £200,000 computer system now being installed.

Other areas where the company has been stretching itself organisationally are evident. A new range of tail lifts introduced to incorporate features thrown up by both the first value engineering programme in 1977-78 and the experience of over 45,000 lifts already sold was timed to coincide with the 1978 motor show. More time would have been to Ratcliff's advantage given that subsequent modifications were required.

Now, the company is about to introduce two entirely new types of lift, one for ambulances and another for the Continental market. Both are all-hydraulically operated, without the columns and cables used in traditional lifts. Both are due to be shown at a major Dutch show this month, but again the development programmes are on a very tight schedule.

Lines is aware of the dangers of speeding up the launch of new products, but believes it is necessary to show them at the right venue even if the customers have to wait for deliveries. In this context the Continental lift will be crucial to the company's fortunes in Europe.

Ratcliff has now taken direct control of Continental operations, but employs nationals in Belgium and France to market the product while playing down its "Britishness." Gaining experience in foreign markets is undoubtedly one of the most difficult tasks the smaller company has to face and Neil Dick, the sales director, says that such broad expertise is one of the few things he misses about his former company, Cromptons, a subsidiary of Hawker Siddeley, which he left at the end of 1978.

The metamorphosis at Ratcliff has created both confidence and uncertainty. The new middle managers, almost all of whom have large company backgrounds, are revelling in their freedom to make their mark. But an initial freedom to spend money on relatively small investments has encouraged the laying of plans which demand larger scale financing. John Lane, the new group financial director, is likely to have to juggle much more with demands that will increasingly compete with one another.

James Lines runs the company largely by delegation and by a consultative management style. He holds a number of regular fortnightly and monthly meetings—for example, project meetings to assess how different projects are moving forward, and engineering meetings to control the progress of new products through the design and development stages.

One of the longest meetings tends to be the works council, an innovation introduced by Lines two years ago. Except for the Northampton factory, Ratcliff is not unionised and the council is the forum for discussing all aspects of company performance, in addition to pay and conditions.

Inevitably, some regret is expressed about the company's changing nature, from an essentially close-knit "family" of people into a larger, less personal concern. At the moment the best of both worlds is being retained with the strong personalities of John and Jean blending with the professionalism of James Lines and his new management team. It will be interesting to see how well this can be maintained.

It is tempting to suggest that John and Jean, by stepping back, have lost interest in the business, but that would be an unfair assessment. Certainly their attitudes towards it have shifted. Jean distanced herself a little when she decided to have children and help with her husband's consultancy business, while John, in addition to keeping a lookout for new ventures, and maintaining contact with customers, is also closely involved with policy development.

John's attitude is, in fact, best summed up in a remark he once made to Neil Dick, the sales director. Some time back both were watching a consignment of the new generation of lifts leave the factory. John looked at them and said that what made him most proud was that he had had nothing to do with the development of those particular lifts, yet he had created the company which was now capable of producing them without him.

Such an attitude should provide a salutary lesson to those company founders who show themselves to be incapable of ever loosening the reins on their business — frequently to its ultimate detriment.

Business courses

Seeding Innovation Symposium. London. March 20. Fee: £30 (members), £40 (non-members), £10 (students). Details from Conference Secretariat, Society of Chemical Industry, 14 Belgrave Square, London SW1X 8PS.

Assertive Management. London, March 24-25, Amsterdam March 27-28. Details from AMR International, 6-10 Frederick Close, Stanhope Place, London W2 2HD.

European Business Strategies for the 1980s. New York. March 24-25. Fee: $500. Details from McGraw-Hill Conference and Exposition Center, 1221 Avenue of the Americas—Room 3677, New York, New York 10020 U.S.A.

LOMBARD

BY SAMUEL BRITTAN

Profits clue to job mystery

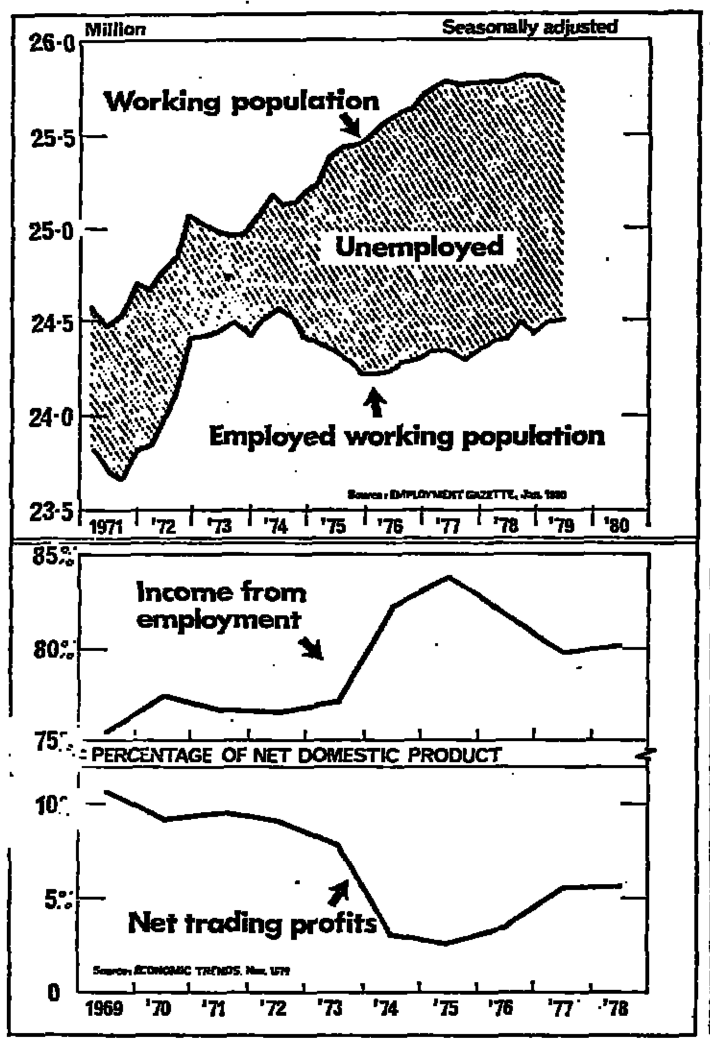
THERE ARE two puzzles about jobs. One is why there has been an upward trend in unemployment over the past few years. The other is why employment has risen so little. They are not the same question. For the total rise in male employment and unemployment together amount to less than the rise in the population of working age.

But although the questions are different, the answers may be similar. The common force affecting both totals was the rise in wages and fall in profits as a proportion of net output. The increasing cost of employing labour and reduced return has shown up in two ways. There was a rise in registered unemployment; but in addition workers drifted into the informal economy.

The break-down that matters, from the point of view of employment, is between wages and profits as a proportion of corporate value added.

The relation between the falling-off in employment and the striking gain in wages at the expense of profits is unlikely to be a coincidence. The chart suggests more tentatively that there may also be a relation between short-term movements of employment and the wage profit share of two years back.

Kemp Gee calculations suggest that pre-tax inflation adjusted-profits of industrial and commercial companies earned in the UK were slightly negative in 1979. A total net corporate loss of nearly £4bn is predicted for 1980, with the move back to profits deferred until mid-1981. Without taking these figures as holy writ, the outlook for employment seems much worse than for output, and will remain so until existing negotiating attitudes are adjusted to reality on both sides of industry.



Steel decision emphasises Parliament's role

WHATEVER FASCINATION the judicial gymnastics of the last week may provide for serious legal commentators and Temple gossipers, the nationalised steel workers' defence of their right to induce fellow workers in the private sector of the steel industry to take sympathetic strike action moves back to the Parliamentary stage. *Duport Steels Ltd and Others v. Sirs and Others** may have thrown up the unintended consequences of the immunity conferred by the Trade Union and Labour Relations Act 1974, or it may indicate an unaccepable breadth of the 1974 immunity from legal action. But one thing is clear: *pace*, Lord Denning, it is for Parliament and not for the courts to declare what the law is to be.

For over a century Parliament has been proferring the phrase, "in the furtherance of a trade dispute" in the course of legislation over industrial relations and in a variety of contexts.

If it ever sought to resolve industrial disputes outside the courts and within the industrial forum—the 1974 Act with its establishment of the Arbitration and Conciliation Advisory Service did appear to do just that—it has never succeeded. Courts have been resorted to by employers, even when the prospect of a successful result seemed remotest, as it must have been to the private steel companies a week ago. It was not until just before Christmas in *Express Newspapers Ltd v. McShane*† that the judges had produced anything approaching a definitive answer that preclude any further litigation on existing legislation. For as long as the legislature had rung the changes—in 1871, 1906, 1965, 1971, 1974, 1976, and now presumably 1980 — the courts have toyed with the deceptively simple phrase as if it were some litigious yo-yo.

To determine what, if any, immunity trade unionists should be given by law, it is vital to bear in mind some fundamental principles that the law has pronounced for over a hundred years. Nearly 50 years ago Lord Wright, a distinguished Law Lord, said: "The right of workmen to strike is an essential element in the principle of collective bargaining."**

No one disputes that if workers could not, in the last resort, collectively refuse to work they would be at a grave disadvantage in collective bargaining. Management's power to shut down its plant must be matched by the corresponding power of workers to withdraw their labour.

The difference between a "lock-out" and a strike is that the latter calls for collective action, the former can be effected by a handful of directors, or even one man.

The "lock-out" and the strike have, however, one thing in common: both are a waste of resources. But like the teacher who needs to keep the cane as a threatened punishment, both management and labour need their ultimate weapons as indispensable parts of industrial relations.

If there has to be a law establishing these two weapons, can they nevertheless be restricted to the industrial battlefield and not be removed to the litigation forum? For it is when the negotiating machinery breaks down and courts enter the industrial fray that sensible solutions to industrial strife become more difficult to achieve.

THE WEEK IN THE COURTS

BY JUSTINIAN

If the right to strike is a cardinal freedom, it cannot be wholly unlimited. There are cases where the employers' interests in uninterrupted operation is exceptionally strong so that strike action must be restricted. But more still, the supply of essential services to the public calls for limitations upon strike action. This last consideration gives rise to the use of emergency legislation. But the one about which the present controversy rages is the need to protect outside parties who are not engaged directly in any trade dispute.

When Parliament in 1875 reconvened the criminal law from the scene of industrial relations, it based itself on the view that you cannot separate the objectives of benefiting yourself and injuring your opponent. Every strike, Mr. Justice Stephen wrote in his History of the Criminal Law, is in the nature of "an act of war."

"Gain on one side implies loss on the other, and to say that it is lawful to combine to protect your interests but unlawful to combine to injure your antagonist is taking away with one hand a right given with the other."

This approach was subsequently frustrated by the courts which said that the doctrine of conspiracy, which had been scotched in the criminal law, did not cover the civil law. Parliament had to intervene. The Trade Disputes Act 1906 did for the law of civil conspiracy what the Act of 1875 had done for criminal conspiracy.

All this is of more than passing historical interest. The legislation set its seal on the form in which the freedom to strike has appeared ever since on the statute book. In some countries the right to strike is expressed in the form of a freedom guaranteed under a written constitution. In the UK it comes in the guise of conferring immunities and privileges; there is no rule proclaiming the freedom. It is against that background that the argument is not whether secondary action is an aspect of the freedom to take strike action; the protection from legal action is couched in the negative way of asking the question — how do we circumscribe the immunities and privileges granted so far?

Since no-one wedded to the rule of law likes any class of persons having an immunity or privilege denied to the rest of us, there is instinctively a tendency to want to curb the immunity rather than to expound and expand a fundamental freedom.

The difference between the approaches to strike action as a sanction in labour relations and as a fundamental human right is not a mere matter of political theory. If the worker has a freedom to strike he cannot bargain it away and he must have the right to determine how best to use his freedom in the war of collective bargaining. He may use his freedom to bring out his fellow workers in the same or another industry in order to gain a point against his employer. This is what the Law Lords in effect ruled in the *McShane* case.

But it is said that there is a distinction between an industrial dispute and a political dispute. In a world where the political and economic spheres are indistinguishable — even when there is no incomes policy and a government declares itself as non-interventionist in industrial affairs—it is impossible for the courts to disentangle the political from the industrial motives.

Not only in publicly-owned industries, where government consistently makes decisions on credits and subsidies, are the terms and conditions of employment affected. Where does one draw the line between a strike to induce an employer to pay his workforce more money and a strike that is aimed at bringing pressure to bear on the government for measures that would allow the employer to pay more?

This was the essence of the controversy over the legality of the General Strike of 1926—the unsolved (and legally insoluble) problem of whether unions who struck in sympathy of locked-out miners did so in order to induce the mine owners to withdraw a notice to reduce wages, or struck to induce Mr. Stanley Baldwin and his Cabinet colleagues to renew a subsidy to the coal owners.

The courts have, not unnaturally, turned to the concept of the predominant purpose to determine whether industrial action is truly a trade dispute. But that has been no more successful. In attempting that problomatical enterprise, the courts have continued to think that in a matter of economic conflict it is possible to separate out the objectives of benefiting yourself and injuring your opponent, which, as Fitzjames Stephen so convincingly pointed out a century ago, is a fallacy.

* Times Law Report, February 1, 1980.

†[1980] 2 W. L. R. 89.

** Crofter Harris Tweed v. Veith [1942] A. C. 435, 463.

Diamond Edge in fine style

RACING

BY DOMINIC WIGAN

CARRYING TOP weight of 12 st in Sandown's Freshfields Holidays Handicap Chase on Saturday, Diamond Edge put himself firmly at the head of the Cheltenham Gold Cup betting. His performance was undoubtedly that of a top-class chaser.

At no stage in the race did the Saxon House nine-year-old appear in the slightest difficulty. The confidence he instilled in jockey Bill Smith was obvious from a long way out, for he was given a "breather" between the final two fences. Running on strongly from the last, Diamond Edge drew away from that tested performer Tied Cottage to pass the post with four lengths in hand. Although the three miles of the Freshfields race was short of Tied Cottage's optimum trip, he was in receipt of 9 lbs from his far less experienced rival.

The Gold Cup is still a long way off, and I would not be tempted to take the 5-2 generally offered on Diamond Edge. But there is no chaser I would care to back against him next month.

Another high-class performer whose Cheltenham odds contracted sharply on Saturday was Pollardstown. In his case, I believe the 3-1 quoted against him winning the Champion Hurdle is ungenerous.

At the final flight in the Otley Hurdle he appeared to be held by Connaught Ranger who had a three-quarters of a length advantage. It was only the almost boglike conditions on the run-in which helped Pollardstown to overhaul the Fred Rimell trained six-year-old. Unless Cheltenham again turns into a quagmire, I shall be amazed if Connaught Ranger fails to gain his revenge on Pollardstown, who has never struck me as a hurdler of outstanding ability.

Still on the subject of the Champion Hurdle, rumours are persisting about the wellbeing of Sea Pigeon. Those who have already backed the gelding could be perturbed by the fact that Ladbrokes have pushed his odds out to 5-1.

LEICESTER

1.00—Robin Archer
1.30—Bustedaway***
2.00—Annointed
2.30—Only Money
3.00—Set Point*
3.30—Ballytartar
4.00—All Of You**

TV/Radio

† Indicates programme in black and white.

BBC 1

6.40-7.30 am Open University (Ultra high frequency only). 9.00 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 How Do You Do? 2.01 For Schools, Colleges. 3.15 Songs of Praise from Mayfield, Sussex. 3.53 Regional News for England (except London). 3.55 Play School (as BBC2 11.00 am). 4.20 Touché Turtle. 4.25 Jackanory. 4.40 Playhouse. 5.10 John Craven's Newsround. 5.15 Blue Peter.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.45 A Question of Sport.
7.15 Blake's Seven.
8.10 Panorama: Mercy or Murder? — the Abortion Debate.
9.00 News.
9.25 The Monday Film: "11 Harrowhouse" starring Candice Bergen, James Mason, Trevor Howard and John Gielgud.
11.00 Film 80.
11.30 Ancestral Voices.
11.55 Weather/Regional News.

All Regions as BBC1 except as follows:

Wales—1.45-2.00 pm Pili Pala. 5.55-6.20 Wales Today. 6.45-7.15 Heddiw. 11.55 News and Weather for Wales.

Scotland—11.00-11.20 am For Schools. 12.15 pm It's a Great Life. 12.40-12.45 The Scottish News. 5.55-6.20 Reporting Scotland. 11.55 News and Weather for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

10.05 am It Figures.
10.30 Working with Young People.
11.00 Play School.
2.15 pm Let's Go.
2.30 Roads to Conflict.
3.00 That's the Way the Money Goes.
3.30 Delia Smith's Cookery Course.
4.10 Is There Life After School?
5.35 Charlie Brown.
6.00 James Burke's Connections.
6.50 Training Dogs the Woodhouse Way.
7.15 Mid-Evening News including sub-titles.
7.25 Rock Goes to College.
8.10 The Goodies.
8.40 Des O'Connor Tonight.
9.30 Horizon.
10.20 Russian — Language and People.
10.45 Newsnight.
11.30 Darts: Embassy World Professional Darts Championship.

LONDON

9.30 am Schools Programmes. 12.00 We'll Tell You a Story. 12.10 pm Rainbow. 12.30 Numbers at Work. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 About Britain. 2.00 Food, Wine and Friends. †2.30 Monday Matinee: "Double Bunk" starring Ian Carmichael, Janette Scott and Sidney James. 4.15 Clapperboard. 4.45 The Ravelled Thread. 5.15 Money-Go-Round.

5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 Give Us a Clue.
7.30 Coronation Street.
8.00 Keep it in the Family.
8.30 World In Action.
9.00 The Sandbaggers.
10.00 News.
10.30 Monday Film: "Soldier Blue" starring Candice Bergen and Donald Pleasance.
12.30 am Close: Robert Rietty reads from Nahman of Bratslav.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.00 Monday Film Matinee: "The Amorous Prawn," starring Ian Carmichael, Joan Greenwood and Cecil Parker. 3.45 Food, Wine and Friends. 5.15 University Challenge. 6.00 About Anglia. 10.30 Cross Question. 11.00 The New Avengers. 12.00 The Human Face of China. 12.30 am Reflection.

ATV

1.20 pm ATV Newsdesk. 2.00 Rendezvous with Romance: "Summer Madness" starring Katharine Hepburn and Rossano Brazzi. 3.45 Food, Wine and Friends. 5.15 The Mighty Micro. 6.00 ATV Today. 10.30 Left, Right and Centre. 11.00 ATV Newsdesk. 11.05 Barney Miller. 11.35 Beyond the Moon? 12.05 am Something Different.

BORDER

1.20 pm Border News. 2.30 Monday Matinee. 5.15 University Challenge. 6.00 Lookaround Monday. 6.15 Cooking with Tovey. 10.30 Monday Movie: Baby Love. 12.12 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News and What's On Where and Weather. 2.00 The Monday Matinee "Now You See It, Now You Don't." 3.45 Food, Wine and Friends. 5.15 University Challenge. 6.00 Channel News. 6.10 The Lone Ranger. 10.28 Channel Late News. 10.35 Soap. 11.05 Twist in the Tale. 12.00 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 12.30 pm North News Headlines. †2.30 Monday Matinee: "State Secret" starring Douglas Fairbanks Jnr, Glynis Johns and Jack Hawkins. 5.15 Top Club. 6.00 North Tonight and Area Weather Forecast. 10.30 Reflections. 10.35 The Monday Movie "The Wild Bunch" starring William Holden, Ernest Borgnine and Robert Ryan. 12.50 am North Late Night Headlines.

GRANADA

1.20 pm Granada Reports. †2.00 Monday Matinee: "Jet Storm," starring Richard Attenborough and Diane Cilento. 3.35 Cartoon. 3.45 Food, Wine and Friends. 5.10 This is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Bernie. 10.30 Reports Politics. 11.00 Mystery and Imagination: "Shadow Over Elverton."

HTV

1.20 pm Report West Headlines. 2.00 Here Today. †2.30 The Monday Matinee: "The Angry Silence," starring Richard Attenborough, Pier Angeli and Michael Craig. 5.15 Dick Tracy. 5.20 Crossroads. 6.00 Report West. 10.35 Food, Wine and Friends. 11.05 Soap. 11.35 Twist in the Tale.

HTV Cymru/Wales—As HTV West/HTV General Service except: 10.05-10.20 am About Wales. 1.20 pm Penawdau Newyddion Y Dydd. 1.25-1.30 Report Wales Headlines. 4.45-5.15 Ser. 6.00 Y Dydd. 6.30-7.00 Report Wales. 8.30-9.00 Yr Wythnos.

SCOTTISH

1.20 pm News and Road and Weather. 2.00 Monday Matinee "River Mystery." 3.45 Food, Wine and Friends. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.45 Crimedesk. 10.30 Late Call. 10.35 Moneywise. 11.05 Maude. 11.35 Pro-Celebrity Snooker.

SOUTHERN

1.20 pm Southern News. 2.30 "East of Sunda" starring Anthony Quayle. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day by Day. 10.30 Southern News Extra. 10.35 Open Dors. 11.05 Kaz. 12.00 Farm Progress.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.30 Monday Matinee "A Place of One's Own." 5.15 Mork and Mindy. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 10.30 Northern Report. 11.00 North East News Headlines. 11.05 Monday Movie "Haunts of the Very Rich," starring Lloyd Bridges. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. †2.00 Monday Matinee "Seven Days to Noon." 3.45 Food Wine and Friends. 4.13 Ulster News Headlines. 11.05 Monday Movie 5.20 Crossroads. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 10.30 The Irish Factor. 11.00 The Odd Couple. 11.30 Gardening Today. 11.55 Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 2.00 The Monday Matinee: "Now You See It, Now You Don't." 3.42 Gus Honeybun's Birthdays. 3.45 Food, Wine and Friends. 5.15 University Challenge. 6.00 Westward Diary. 10.32 Westward Late News. 10.36 Soap. 11.05 Twist in the Tale. 12.00 Faith for Life. 12.05 am West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 2.00 Monday Matinee: "Sunflower," starring Sophia Loren and Marcello Mastroianni. 3.45 Food, Wine and Friends. 5.15 University Challenge. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 Pro-Celebrity Snooker. 11.15 What's on Next? 11.45 The New Avengers.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.5vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
				London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast. ‡Medium wave.

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Stayin' Alive. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S) including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought and 9.03 Favourite Five Singles. 10.03 Colin Berry (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S) (continued). 6.03 John Dunn (S). 8.02 The Organist Entertains (S). 8.30 Folk 80 (S). 9.02 Humphrey Lyttelton with the Best of Jazz (S). 9.55 Sports Desk. 10.02 Rolf's Walkabout. 10.30 Star Sound. 11.02 Brian Matthew with The Late Show, including 12.00 News and 1.02, 2.02 Cricket. 2.03-5.00 am You and the Night and the Music (S). 3.02, 4.02 Cricket.

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Alban Berg (S). 10.05 Encores at Esztergom (S). 10.30 Zoltan Kodaly concert (S). 11.15 Twisted Tunes (S). 11.50 Bruckner Symphony No. 9 (S). 1.00 pm News. 1.05 BBC Lunchtime Concert (S). 2.00 French and Russian Organ Music (S). 2.40 Matinee Musicale (S). 3.40 New Records (S). 4.55 News. 5.00 Mainly For Pleasure (S). 7.00 Andre Kertesz (talk by Colin Ford). 7.30 Live from Stockholm part 1: Poulen, Beethoven (S). 8.20 Christopher Fry reflects on "poetic" and "realistic" theatre. 8.40 Live from Stockholm part 2: Lidholm, Strauss (S). 9.20 Scriabin and the Russian Renaissance (talk by Martin Cooper) (S). 10.00 BBC Welsh Symphony Orchestra (S). 11.25 Jazz in Britain: Roger Dean (S). 12.00-2.05 am Test Match Special: Australia v. England.

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 The Week on 4. 8.45 John Ebdon with the BBC Sound Archives. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. 10.05 Money Box. 10.30 Daily Service. 10.45 The Wooden Horse. 11.00 News. 11.05 Red Alert in Pakistan. 11.50 Poetry Please! 12.00 News. 12.02 pm You and Yours. 12.27 Top of the Form. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Women's Hour. 3.00 News, 3.02 Listen with Mother. 3.15 Afternoon Theatre (S). 4.45 Short Story. 5.00 PM News Magazine. 5.50 Shipping Forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Give or Take (S). 7.00 News. 7.05 The Archers. 7.20 Science Now. 7.45 The Monday Play. 9.15 Pennine Portraits. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The News Quiz (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

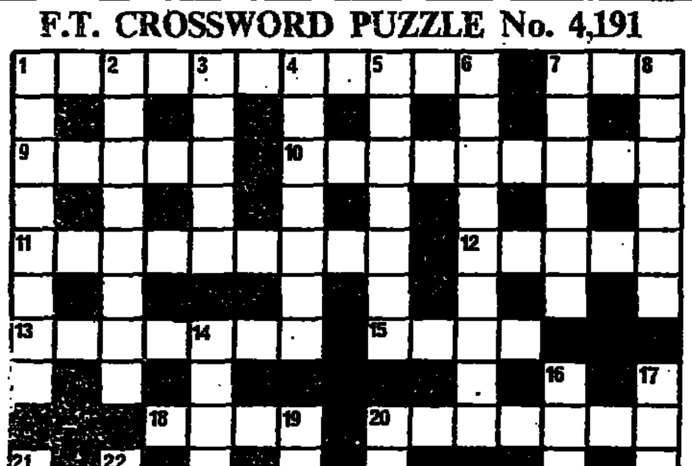
London Broadcasting

5.00 am AM with Bob Holness and Douglas Cameron. 10.00 The Brian Hayes Show. 12.00 LBC Reports. 8.00 After Eight Special on "Self-Help." 9.00 Jenny Lacey—Nightline. 12.00 LBC Reports Midnight. 1.00 am Tara Jefferies—Night Extra. 5.00 Morning Music.

Capital Radio

6.00 am Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 8.00 Capital Playhouse. 9.00 Alan Freeman (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Peter Young's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,191



ACROSS

1 Shrill operation performed by many jewellers (3-8)
7 Drug to put in the pocket (3)
9 Head round the south to make dough (5)
10 Absolutely vivacious yet totally dull (4-5)
11 Stunted worker should get things down quickly (9)
12 Duck with nothing egg-shaped (5)
13 Break contrivance and begin again (7)
15 Convert none to gas (4)
18 Impressive part of the picture (4)
20 Pale brown mattress (7)
23 Lead on track but fall behind (5)
24 Scanty period of time but an unimaginable distance (5-4)
26 Carve iron irregularly for non-vegetarian (9)
27 A blow to strike with shame (5)
28 Even at the same time however (3)
29 Note to star-gazer from epicure (11)

DOWN

1 Photograph taken in shelterless state (8)
2 Answer to a reaction (8)
3 Unfit in start of exercises and physical training (5)
4 Unit of circular measure on top of triangle is glowing (7)
5 Hybrid Indian and Pole with constant and close interaction (2-3-2)
6 Heartless girl gets fond and alluring (9)
7 Taint French peas with duck and noodle starter (6)
8 Steps on a ladder (6)
14 A quiet friend going to fish is frightful (9)
16 Halfhearted saint and western member (8)
17 One way toxophilite makes a stiffener (8)
19 Cruel ring gets nothing on you and me (7)
20 Insect on animal is an object of annoyance (7)
21 A bit of wood on your head could be unpleasant (6)
22 Vegetable making vehicle disintegrate (6)
25 Coach or alternative transport (5)

The solution of last Saturday's prize puzzle will be given with names of winners next Saturday.

THE ARTS

Aldwych

The Greeks

by MICHAEL COVENEY

Starting to write about John Barton's mammoth RSC cycle, based on translations by Kenneth Cavander, seems almost as daunting a task as sitting down to watch it. The last major RSC cycle, produced by Barton in collaboration with Peter Hall, was "The Wars of the Roses," but that was a progressive march through an historical landscape. To tell the story of the House of Atreus through a chronological arrangement of Homer, Sophocles, Aeschylus and, especially, Euripides, might appear to be a merely cyclical exercise. But by telling a complete story, Mr. Barton has achieved the astonishing coup of suggesting what it must have been like to sit with an audience in Athens and relate the narrative to what the playwrights assumed their customers already knew.

In the course of this process, Mr. Barton unveils several Euripides plays that confound the Aristotelian idea of writers dividing into comic and tragic. Deliberate use of bathos is a recurring technique. More importantly, when you have sat through the *Agamemnon* of Aeschylus and the *Electra* of Sophocles, both of which are grim domestic dramas played out in the shadow of unrelenting gods, the same characters are sprung free by Euripides in *gaudily satiric style*.

I gather that Jan Kott directed Euripides' *Orestes* at Berkeley 10 or so years ago, and it is not difficult to see why. This piece arrives late in the sequence of 10 plays and features Orestes, Electra and Pylades ripping through the palace at Mycenae like urban terrorists. An incestuous death pact between Orestes and Electra is forestalled by Pylades, *who urges them to kill Helen*. Further mayhem is frustrated by the arrival of Apollo who sorts them all out before abducting Helen himself. Apollo reckons that the mortal siren deserves immortal stardom, and whisks her away in a blaze of coloured lights and disco dancing. The modernity of the play, its tone of voice, is a revelation. But a revelation strictly in the context of the whole enterprise. You feel you have sat through a collaboration between Jean Giraudoux and Howard Brenton.

By this time one sensed that the audience was reeling, not quite knowing what to expect next. *Orestes* is preceded by *Helen*, in which Euripides finally explodes the myth that the Greeks went to war because of her. Helen was never in Troy at all, but sunning herself on a *sarcophagus in Egypt*, waiting for Menelaus to rescue her from a ludicrous king. Janet Suzman, who doubles Helen with her sister, Clytemnestra, here gives her funniest performance to date, swanning around in a yellow beach towel before tricking the king into giving her a boat and beating a hasty retreat, but not before cramming her lotions and suntan oil into a toilet bag.

The escape trick is repeated at the end of the cycle, when Iphigenia wheedles a boat out of King Thoas of Tauris to return to Argos with her brother Orestes, who has turned up at the behest of Apollo to capture the image of Artemis. Artemis is a healing goddess, but not averse to a taste of warm human blood. She it was in the very first play, *Iphigenia in Aulis*, who demanded the sacrifice so that Agamemnon could sail to Troy.

But Iphigenia was not killed. She has been taken to Tauris and ensconced as a high priestess. Euriphides' view of the gods was that their rivalries and demands were as unpredict*able as the affairs of men*. So, just as the Trojan War was fought for reasons other than are supposed, so the bloodletting in Mycenae, with Clytemnestra revenging the death of her daughter by *killing her husband*, has been practised in deference to a false myth.

The continuity of the storyline and the concomitant shifts of gear as the same characters *are approached from different* angles are superbly served by John Napier's design. This consists, basically, of a tilted dustbowl ideal for yarn-spinning and irruptions of action. Simplicity is the keynote, all changes in the temperature and climate easily incorporated in David Hersey's lighting. We open up in sunlight, with the female chorus swapping notes on the military heroes waiting to set sail. *The sacrifice of* Iphigenia is disguised as a wedding, with olive branches suddenly sprouting round the concave floor and the young girl giving herself to her fate in see-through yellow muslin. *Judy Buxton is as intellectually* naive as she is physically provocative, sounding for the first time the recurring idea of entry to the House of Fame being fair exchange for kissing Life goodbye.

The second play follows Achilles and Agamemnon to Troy and is mainly derived from Homer's *Iliad*. Mr. Barton maintains the Euripidean theme, however, with an irresistible study of the demi-goddess Thetis, Achilles' mother. Annie Lambert trips on to put us right about the privilege of opening her legs for Zeus: "It was hot and brief and sandy." She is certainly scatty enough *to have forgotten to dip* Achilles' heel in the Styx. The rest of the play is a little sketchy, but it does establish the feminist slant on the proceedings by showing Achilles kicking slave girls around before sitting down to eat with Priam.

Agamemnon has already articulated his theory of being governed by Necessity and finding a balance between public and private duty. *He acknow*ledges that women suffer as a result of this, but the price paid by human dignity is of course most famously illustrated in the fate of the Trojan Women. Each of them is paired off with a Greek soldier and, in a stunning finale to the play of their name, they drum the floor as Troy goes up in flames, at the same time invoking the names of their dead men. The dust*bowl's perimeter is decorated* with rotting skeletons. Turning up for Aeschylus's *Agamemnon*, John Shrapnel sits laconically astride a huge phallic warmachine, dragged by the women slaves whom Clytemestra immediately enlists to spread out the welcoming silk floorcloths.

With the arrival of Aegisthus on the scene, the story takes a loop thank to his introduction of the Thyestes affair, and with *Cassandra tied to the back of* the brutal cart, Agamemnon's murder comes across as revenge on an adulterer rather than on a child-murderer. But Mr. Shrapnel's wryly inventive performance is binding it all together. You recall those speeches on behalf of expediency when he returns to the stage as Apollo and addresses the abashed congregation with the show-stopping line: "There *is good and bad in all* you have done; that's the way the world is."

The many problems surrounding the presentation of these plays to modern audiences include the function of the chorus and the special quality of emotional acting required. Mr. Barton's chorus is female throughout and that does not suit the *Agamemnon* very well, as a lot of the chorus's reactions have to do with their hor*ror, as old men, at the reckless*ness and power of a woman. Nor did I feel that Billie Whitelaw as Andromache was on target with those semaphore gestures to greet the news that her son was to *be thrown from* the city walls. But Miss Whitelaw more than compensates in her moments of serenity, both as the older Andromache and as the reasonable goddess, Athene, who turns up to eat apples with the chorus at the end (the last time gods and men ate together was at the wedding of Peleus and Thetis, when the uninvited Eris started all the trouble) and to oversee Iphigenia's escape.

Apart from the doubling mentioned, it is fascinating to see Mike Gwilym succeed as both Achilles and Orestes, and Tony Church bouncing a curly, comical Menelaus off the grave *Odysseus. In the case of Miss* Suzman and Mr. Shrapnel, you would have to go back to Peter Brook's *Dream* to recall such potent use of the device.

Celia Gregory's Cassandra is *no ranting termagent*, but a lithe and attractive lady to whom nobody listens because she speaks too much rubbish at too great a length. In *Andromache*, which is fascinating but incoherent, Avril Carson contributes a marvellous Hermione, a spoilt little heiress in the latest fashion from Sparta—a bum-hugging tangerine cocktail number!—who receives the ultimate in tickings-off: "Like all our House you go to extremes." *Andromache*, too, contains the heroine's speech about women's capacity for enjoyment being enlarged by their proneness to suffering, and the wonderful aside to the effect that Orestes *has been acquitted but the* Furies have refused to accept the verdict.

The language of *The Greeks* is never over-excited, always cool and humorous, with a *steady but unobtrusive* beat behind it. Nick Bicât's music is daringly modern, with one or two pervasive tunes that crop up all over the place. The Greeks have a jaunty, tuneful march and the Trojans a more *melancholy strain. One brilliant* stroke in this department: when Helen stops an irate Menelaus dead in his tracks, his memory of her beauty is underprinned by Miss Suzman flirtatiously cocking her head and whistling softly along with the offstage refrain.

The ten plays are divided into three evenings, but no section would really stand up all that well on its own. See the com*plete cycle in one day, as we* did on Saturday, if you possibly can. Otherwise take them in sequence — "The War," "The Murders," "The Gods" — on successive evenings.

Leonard Burt

Janet Suzman as Helen

Leonard Burt

Oliver Ford Davies as Priam and Mike Gwilym as Achilles

Riverside Studios

Dance Umbrella by CLEMENT CRISP

Last week I saw two more participants in the Dance Umbrella season, now located in the excellent Riverside Studios. Our own EMMA Dance Company looked rather rough-hewn when compared with the professional gloss of the American couple, David Gordon and Valda Setterfield, yet neither programme did much to persuade *me that contemporary dance* was alive and well and in residence in Hammersmith.

Much touted in New York as luminaries of the avant-garde, Gordon and Setterfield hoe their tiny row on the outer edge of dance; I managed to sit through the first half of their exhibition, at which time the transcendental tedium of their activities sent me racing for the exit. Like certain other experimenters in this field, they don't do much, but make up for this by doing it very slowly and deliberately indeed. Movement is considered in disparate fragments or in unenterprising bursts.

It is the Meccano style of dance, with little nodules of action laboriously assembled to make some naif object. It owes more to the single-frame photographic studies of Eadweard Muybridge than to the concept of choreography as continuing dynamics. An opening incident found the pair sliding in and out of clinches; one then moved away while the other remained *in a statue-like pose. Miss Setter*field also gave us of her art by taking up Muybridge positions to the accompaniment of taped chit-chat about the nature of the original.

An Audience with the Pope found our New York dance correspondent, David Vaughan, on tape, giving a joke lecture, and on slides in full Papal fig, while Mr. Gordon whirled, posed and walked. All these hoary activities—surprising in people who have worked with Merce Cunningham and that true original, James Waring—are the driest of experiments. As food for dance they are thin gruel; as matter for public display, and public expenditure. I find them depressing in their pretentions as in their dreary constraint of means.

It may be that Friday's programme by Emma Dance Company—a small ensemble supported by the East Midlands Arts Association—was uncharacteristic of choreographic standards. It may also be that *the opening work*, which I unfortunately missed, would have redressed the balance of otherwise unconvincing creativity. But of the three works I did see—by Shelley Lee (indecisive comings and goings to a score that sounded so heavily sedated as to be stagnant); Jacqui Carroll (*angst* and lyricism; radio noise and Delius); and Nicholas Carroll (jokes to popular music)—only the last seemed to have escaped from the clichés of contemporary dance into a livelier manner. In it John Haynes gave a witty, alertly muscular display as the happy victim of jazz rhythms.

Purcell Room

Amsterdam String Quartet

by PAUL DRIVER

Mozart's D minor Quartet K.421 loses more than most of his others by an undistinguished *performance*, and this is certainly what it received in Saturday's concert. All four movements employ moderate tempi, two of them are sets of variations, three are in the same key, and a strange, mournful mood prevails—even the Andante's F major manages to be a sad major. Without intensely nuanced care from the players the music can seem plain and *sluggish*. But the Amsterdam Quartet could barely muster decent intonation and elementary phrasing. The damage they inflicted to the *finale* was particularly unforgiveable, its air of uneasy confabulation so lumpishly suppressed.

Two Webern works followed: the Six Bagatelles Op. 9, given a garbled rendering; and the recently unearthed single-movement quartet of 1905, which fared better. Though the two differ considerably on the surface, they share a historically important preoccupation with chromatic space. The lustrous, masterly earlier work (it should be played more often) opens up at crucial points into chromatic scales as do many of Schoenberg's and Berg's pieces, *Der Wein* for example. The Bagatelles totally reformulate this discovery. "I had the feeling that when the 12 notes had all been played the piece was over." Webern is quoted as saying in the (otherwise apalling) programme notes. What he had done was to revise our fundamental notion of musical expres*sion, even if the Amsterdam* Quartet has yet to appreciate the fact.

An interesting contrast with Stravinsky's Concertino (1920) was afforded in the second half of this Redcliffe Concert—once the meandering pseudo-competence of Malcolm Dedman's Quartet (1977-79) had been disposed of. Stravinsky has here produced a minute violin concerto, displaying on the small scale rhythmic and harmonic devices familiar from numerous larger works. But the compression is not Webernian: because he attempted something so radical, one would not think to call Webern a miniaturist; but Stravinsky—the habitual stylist—often chose to be one. The Concertino, trenchant though it may be, was played with a quite *unwarranted harshness*.

Coliseum

Don Giovanni by RONALD CRICHTON

Don Giovanni should seize the spectator by the scruff of the neck with the opening bars, hold him through the overture and the first scenes until the drama is safely launched. Friday's revival for the ENO with Noel Davies conducting did not do that, but the orchestral playing soon became relaxed, smooth and flowing, and stayed so. A lack of high drama was shared with the Besch-Stoddart staging, still handsome but run down in the first finale and in the over-populated supper scene of the second. Richard Van Allan's accomplished Giovanni has mellowed still further. With such a sardonic purr on the tone, this pilgrim to damnation has no need to slide from note to note in "La Ci darem" or the serenade: the effect was the opposite of the lazy elegance presumably intended and because the rest was mostly so good, stuck out a mile.

There was a new Elvira in Elizabeth Connell—an imposingly confident debut in the role, with gleaming sound and majestic, clear-cut phrasing. All Elviras, new or seasoned, may be forgiven qualms about "Mi tradi" but Miss Connell rushed at the aria as if she were trying to clear all the hurdles in one leap. This artist has so far corrected a tendency to overact that as Elvira her features were a shade too impassive. For all the lady's frenzied indignation, Mozart's music endearingly sug*gests that she can smile through* her tears. Anna has no cause to smile. Lois McDonall plays her more in sorrow than in anger, mounting steadily to an impressive "Non mi dir"—precisely where many singers who *have started out more firmly* come to grief.

The Ottavio and Masetto were both new. Stuart Kale had no fresh insights to offer on Ottavio's flat character but something to say about his music. He took risks with soft notes that did not always come off, but especially in the second aria, produced some sensitive, stylishly graced singing. William Shimell's Masetto, physically too dapper for the buxom Zerlina of Sally Burgess, was a pleasing performance by a potential Papageno (and Miss Burgess will surely move upwards in the social world of Seville). Ian Comboy's Leporello, subdued in *the first act, found himself in* the second.

Nottingham University

Undine by ELIZABETH FORBES

Nottingham University Group, renowned for the adventurousness of its repertory, has sometimes tackled blockbusters that, though welcome to opera-collectors, are not suited either to the Great Hall or to the students and young professionals making up the casts. This year no such reservations are needed. Albert Lortzing's *Undine* is sufficiently off the beaten track to please connoisseurs, while the scale of the work fits the venue exactly; the orchestra in the pit-less, resonant hall does not deafen, nor are the singers drowned, as *Lortzing keeps his climaxes* mainly to the overture, act finales and a fine storm scene.

The chorus, small in numbers this year, but as lusty-voiced as ever, has several of the rousing hunting or drinking songs beloved of German Romantic opera, and other chances for roof-raising. The story of the water-sprite, substituted for a fisherman's child, who gains an immortal soul on marriage with a human, but loses it again when her lover proves unfaithful, is based on La Motte Fouqué's tale, which had already served as a libretto for E. T. A. Hoffmann nearly 30 years before Lortzing produced his version, text and music, in 1845. A man of many talents, actor and singer as well as author and composer, Lortzing had a dramatic sense denied to some of his contemporaries, and the pacing of his operas is always impeccable.

Technically a *singspiel* with spoken dialogue, *Undine* has a score notable for its continuity, enhanced by the use of melodic themes. The many ensembles carry on the action as well as expressing the characters' sentiments. The Nottingham production, intelligently staged without undue elaboration by Sally Day, designed by Roisin Kelly, is evenly cast. Looking suitably fey and other-worldly, Elaine Padmore sings Undine; her voice has a cool, pearly tone-quality that warms affectingly with emotion—Lortzing's sprite may not have a soul, but she certainly has a heart. In the beautiful aria where Undine reveals her true nature, Miss Padmore's delicate phrasing gives much pleasure; her enunciation of Rodney Blumer's fluent translation sets an example to the other singers.

Christopher Blades, as the mysterious Küleborn, who turns up in a variety of disguises before appearing in his real character as Lord of the Waters, when he arrives to fetch Undine back to her native habitat, uses his strong, dark baritone with authority. Neil McKinnon sings Hugo von Ringstetten, the faithless lover who is undeservedly reunited with Undine in the underwater Kingdom. The vocal line lies rather too high for him, but he gives an unsympathetic character some attraction. The lighter tenor role of Veit, Hugo's squire, is lyrically voiced by Richard Berkeley Steele. Vanessa Scott, as the haughty Duchess Bertalda who discovers that she is only a fisherman's daughter, puts passion into her singing, but at the expense, sometimes, of a smooth line.

There was a change of conductor at a late stage of rehearsal; Andrew Hubbard shows the resourcefulness expected from an old Nottingham hand, in keeping adequate orchestral ensemble. A bassionist himself, he draws sensitive playing from the woodwind and is not tempted, in this score, to over-encourage the brass.

World première of Michael McGrath play

On February 7, the Theatre Upstairs presents the world premiere of Michael McGrath's *The Key Tag*, directed by Roger Michell.

In the cast are Noel Collins, Patrick Drury, Marina McConnell, Diana Patrick and Veronica Quilligan

The Key Tag is part of "A Sense of Ireland," a comprehensive festival of Irish arts and culture taking place throughout London between February 1 and March 15.

RUGBY UNION BY PETER ROBBINS

England win in Paris—at last

THERE IS always something intensely satisfying in seeing a well-engineered piece of machinery running smoothly, so that it was highly enjoyable to watch England's pack against France on Saturday in Paris. Each component functioned to order, and England's travel-weary supporters were rewarded with a 17—13 victory, the first in Paris for 16 long years.

France played well—for just 15 minutes, five at the start and ten at the end. They made a dazzling beginning. Rives scored after only two minutes and things looked very ominous. But by half-time, England had built up a lead of seven points through a penalty by Hare, a try by Preston converted by Hare, a try by Carleton and a drop goal by Horton. Caussade had kicked a penalty for an act of indiscipline by Cotton which was quite out of character with the team's performance.

Discipline and control were the key factors in England's success. After those first tense minutes England gave a flawless display of forward play that left French player and spectators gasping.

Cotton appeared to have a few problems against the strong Paparemborde but he quickly mastered the Frenchman, thanks not only to his own good technique but to the tremendous shove from Colclough and Beaumont in the second row. The sight of the French in retreat at the scrum was a great encouragement to the young *backs behind*.

France tried collapsing the scrum to stop the rot but were rigorously penalise. The line-out was equally disastrous for France until the end and neither *Duhart nor Maleig could* compete with Beaumont and Colclough.

Yet again, Wheeler's syncronisation with the second row fowards was essential. What a truly great *forward he has* become.

Scott took care of the young giant Carpontier at the back and France's variations at the two-man line-out barely came to anything. *Colclough more than* justified his re-selection. His attitude, it would seem, is more in tune with the rest of the pack.

So complete was the forward control that England were able to launch Scott, Neary and Uttley in consort with Smith. This served to draw in Rives and Joinel and then leave space *for Smith to move the ball to* Horton. Neary, yet again, was quite superb and how he maintains such high standards of play is remarkable.

It was a day for brave deeds and *all the England pack* deserve the highest possible praise. Fittingly, Beaumont inspired the confidence that only the highest example gives.

The halves, Smith and Horton, have made tremendous progress this year. As in the Irish game, Smith took on the opposition, was hammered but bounced back. He gave Gallion a rough time round the scrums. Horton was *that much more confident* and kicked well in the final crisis. His second drop goal at the beginning of the second half was very timely making the score 17—7 and putting the issue apparently beyond doubt.

One possible criticism could be directed at the inability of England's backs to score more tries. However, this is essentially a team dedicated to winning, and winning up front.

For France, Rives displayed his usual ubiquity during the game and generosity in defeat after it. He and Joinel finally *made a dangerous triangle with* Gallion when England began to tire. However, with the score at 7-17 and 10 minutes to go, he made a crucial mistake of deciding to run a penalty kick under the English posts.

There was still time for another score as France proved when Averous went over in the corner following a heel against the head. That was a tactical *error of Rives* but there were other technical errors — the French centre passed far too quickly and far too soon.

In the last 10 minutes France launched some marvellously *explosive attacks as England's* touch kicking became less accurate and the forwards began to flag. France were greatly helped by the exciting running of Aguirre's replacement at full-back, Gabernet.

The result was a great one for England. The team can look forward with confidence to the match with Wales in a fortnight.

SOCCER BY TREVOR BAILEY

Different approaches to same goal

QUEEN'S PARK RANGERS beat Swansea City at Loftus Road by 3—2, the decider coming in the closing seconds of a close, exciting and absorbing contest.

A cursory look at the two clubs might suggest they have much in common. Before the kick-off a mere two points separated them and they are comfortably placed in the Second Division without relegation worries.

On the other hand a lack of consistency, a tendency to make too many mistakes—which was much in evidence on Saturday —and insufficient away form indicate that promotion this year is likely to be out of their reach.

These are superficial similarities, however, and in most other respects it would be difficult to *find two Second Division clubs* with such different backgrounds and in their approach to the problems of football in the 1980s.

Last season Rangers were relegated, a fate which had been threatening since 1975-76, when they finished second in the First Division. With home gates averaging last year under 16,500 they are not a financial loss to the other clubs in the division.

Although they reached, and eventually established themselves in the First Division, *they have always* lacked the support and the tradition of a team such as Chelsea and have never quite been able to lose their small London club image.

Although they have improved their ground and facilities, and displayed skill and ingenuity in their efforts to raise money outside the game, life with the elite must always be a continual struggle to keep up with their wealthier neighbours.

Largely forgotten outside Wales, Swansea spent most of the 1970s, in the Fourth Division, until in 1977-78 they stormed into the Third, and showed that this was no flash in the pan by *gaining promo*tion to the Second in the following season.

Their renaissance was reflected in their average Third Division home gates of nearly 14,000, and it fired the imagination of youth in a rugby stronghold.

Their success stems largely from the efforts of a well organised and imaginative board, who appointed former Liverpool player John Toshack as player-manager, and have backed him to the hilt.

Toshack has cleverly transferred many of the Liverpool principles and tactics, as well as several players, to his native Wales.

They have developed into an efficient side, not yet quite ready to take that step into the unknown—they have never been in the First Division—but in a couple of seasons they could well be in a stronger position to sustain the demands of the hardest league in the world than Rangers.

Unlike Rangers they do not have competition from long-established elite clubs on their doorstep, and they can rely upon the ambition of Welsh *youngsters, who in ever-increas*ing numbers are prepared to sign for Swansea rather than being lured to Manchester United.

The contrast between the two managers could hardly be greater: the tall, young, very sensible Toshack, steeped in the discipline of his years on Merseyside, and the chunky, volatile, flamboyant and controversial Tommy Docherty.

In an effort to retain the support of the notoriously fickle London fans and to make that vital immediate return to the *First Division, Mr. Docherty has* more than maintained his reputation for being among the game's big spenders.

His purchases include: Hill, Wicks, Currie, Woods, Hazell, Harkouk, and McCreery, while he has also sold most of the stars who were at the club when he arrived.

If Rangers go up all will be well, and with the Second Division race still open that could happen, but there must be financial problems if he fails.

It also must be recognised that his heavy excursions into the transfer market would not have been possible if his chair*man, Mr. J. A. Gregory, had not* been willing to back them with more personal finance than most League chairmen would have been able or prepared to.

A heavy pitch, which a downpour during the match transformed into a morass, made mistakes inevitable and judgment on the footballing ability of the two teams was hard to assess.

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Fair trade in steel

WHILE British Steel remains locked in combat with its trade unions, the American steelmakers are seeking solutions to what is basically the same problem—high cost and low productivity. Last week they presented the Carter Administration with a package of requests including more favourable tax treatment and more lenient rules on pollution. But for the rest of the world steel industry, which is still in the throes of a painful restructuring process, the most significant part of the package was the demand for stronger protection against imports.

Voluntary

It has been accepted, even by the Japanese, the world's low-cost producers, that during the period of restructuring completely free trade in steel is not feasible. The uncertainty has been over the extent to which free trade should be curbed and how long the curbs should last. In Europe the Davignon Plan involves, among other things, voluntarily negotiated controls on the quantity and price of steel imported from third countries; these arrangements will continue during 1980. In the U.S. the market has been protected to some extent by the system of trigger prices, whereby the Treasury sets minimum prices for imported steel on a formula related to Japanese production costs.

The trigger price system has few admirers. The foreign suppliers, especially the Japanese, believe the Treasury's method of price determination is arbitrary and unfair. The domestic producers argue that the system has too many loopholes, especially for the European companies, whose production costs are higher than those of Japan and which continue to ship what is regarded as subsidised steel into the U.S. The American industry is now asking for higher minimum prices to be imposed on the Europeans and for the trigger price arrangements to be tightened in other ways. If no satisfaction is obtained in Washington, the industry will launch a series of anti-dumping suits.

Injury

Anti-dumping action, provided it is handled fairly and in line with agreed international rules, might be preferable to other forms of import restriction. In the Tokyo Round of trade negotiations the U.S. accepted the concept of "material injury," but there is some anxiety in Europe and Japan about how new U.S. legislation on anti-dumping will be implemented. Whatever response the U.S. Government makes to the industry's plea, it must take account of the principles set out in 1978 when the OECD steel committee was set up. It was agreed then that action taken by individual countries to combat the world steel crisis must be consistent with GATT provisions; that countries should pay regard to the concerns of trading partners "that traditional trade flows established under normal conditions of competition should not be severely disrupted"; and that when actions are necessary they should be "as limited and temporary as practicable and appropriate to the causes which led to their introduction."

The American steelmakers see imports as the main cause of their present troubles. Others regard imports as the symptom rather than the cause of the industry's weakness. They point to the steel companies' resistance to change and their failure to invest in new plant and new processes. Over the past year or so, however, a more ruthless effort to improve efficiency has been evident. Obsolete capacity has been closed down. The Americans appear to have lost their inhibitions about asking the Japanese for technical assistance in installing new plant. Moreover the industry is justified in blaming the Government for making the task of modernisation more difficult. In particular, profits have been held back by the formal or informal price controls which have been in force for most of the period since 1962.

Tax credits

The industry is asking for freedom from price controls, reductions in depreciation periods to bring practice into line with that of other steel-making countries and more generous tax credits for investment. Assistance of this sort is more relevant to the steelmakers' needs and more likely to produce an internationally competitive industry than protection against imports. The Administration should resist, even in an election year, pressure to make the protection which the industry already enjoys even tighter. While dumping and other forms of unfair trading should be resisted, import competition is a necessary spur to modernisation.

Strains in the Maghreb

IN THE past week, Tunisia, the smallest of the states in North-west Africa which are considered part of the Arab Maghreb, not only received French support in the form of warships and aircraft but also promises from the U.S. that it would accelerate its delivery of military equipment. This followed an incursion during the last weekend of January by some 300 men, who assaulted the phosphate mining town of Gafsa in the centre of Tunisia, causing almost 50 deaths.

The timing of the attack was significant in that it coincided with the second anniversary of the first general strike in Tunisia. This resulted in riots which left several hundred people dead in violence unprecedented since Tunisia became independent in 1957. The guerrillas who carried out the attack on Gafsa claimed to be connected with the strike which resulted in those riots.

But the background to the attack is bizarre. The raiders appear to have entered Tunisia from Algeria in the west. Algeria has been genuinely astonished by any suggestion of complicity and has little reason to spoil its relations with Tunisia, particularly as it is deeply involved in a conflict with Morocco to its west.

Attempts

The most likely culprit is Libya. In recent times, under the leadership of Colonel Gadafy, it has intervened in Uganda and Chad and given refuge to the former Emperor Bokassa of the Central African Republic. Libya has been particularly at odds with Tunisia since the abortive attempt at the beginning of 1974 to establish a union with Tunisia. Since then, political opponents of President Bourguiba have found refuge in Tripoli. It is known, too, that Libya has been involved in subversive activities against Tunisia.

Only a few years ago, the Gafsa incident would have been regarded merely as a temporary jolt to the government of Mr. Bourguiba. Its population is after all a mere 6m (twice that of Libya's). But today, it has to be seen in the context of the Soviet invasion of Afghanistan, the condemnation of that invasion by the conference of Islamic states at Islamabad, and the strategic significance of the Maghreb. This area, which incorporates Morocco, Algeria and Tunisia, with Mauretania and Libya sometimes appended, is of clear strategic importance, with its total population of about 50m.

Exploitation

The economic potential of the individual countries is considerable, if unevenly divided. Algeria, for example, has its gas and oil; Morocco its phosphates and Tunisia tourism and agriculture. But the political strains are serious—and open to exploitation. Algeria, although economically secure through its earnings from oil and gas, is now under President Chadli Benjedid whose political control is not fully assured. In addition, during the middle of last month, there were riots in three cities of the eastern part of the country, not far from where the Gafsa raid was said to have been started, by Moslem fundamentalists of the sort that Libya would like to encourage. Tunisia's President, although now fitter than for many years is almost 80. He has an acknowledged successor in Mr. Hedi Nouira, the Prime Minister, who is far from being the charismatic figure needed to guide Tunisia through its problems.

In Morocco, the war with Polisario is undermining King Hassan both economically and politically. Colonel Gadafy, who has visions of some greater Maghrebian entity, is peculiarly well placed to exploit these strains.

He supports Polisario with weapons and is in any case instinctively opposed to kings, in this case Hassan of Morocco. Although he is in agreement with Algeria on the question of the Palestinians, he sees little harm in causing embarrassment through such episodes as the Gafsa raid. The West needs to be alert to the danger that the Maghreb could become the next area of unrest in the Arab world.

Europe's textile industry faces the storm

BY GILES MERRITT IN BRUSSELS

THE MOST puzzling aspect of Europe's crisis in textiles has been the absence of politicians seeking to make capital out of the industry's lengthening dole queue.

During the 1970s about 1m textile and clothing jobs disappeared inside the EEC, yet the trades unions in the Nine continue to be described as "moderate" and no European politician has risen to prominence as the champion of the industry.

With up to 2m further jobs at high risk during the 1980s the picture may well change. Fragmented into small companies that lack the political clout of steel centres in Britain or France, the textile industry is nevertheless highly concentrated in regions. Many of those regions moreover, have a high proportion of marginal parliamentary seats and north west England and northern France are currently prime examples of the potentially volatile effect that textiles could have on Europe's politics. In the UK, for instance, up to three dozen Westminster MPs are reckoned to occupy "textile seats."

But potential is the key word. As things stand, the textiles industry and its tradés union and political representatives are in disarray before the forces of low cost imports, based on cheap labour, or the massive economies on the scale of U.S. and Comecon competitors. As one leading European textile trade unionist remarked in an aside: "It is hard to encourage a hard political front when the common denominator is resignation. It is no longer a question of 'if' jobs will go, but 'when.'"

The EEC's textiles trades union leaders have not, on the other hand, apparently tried very hard to construct a European front that would carry weight. Political and ideological differences are partly to blame, for the 18 unions grouped in the Brussels-based umbrella organisation, the Comité syndical europeen du textile, exclude the muscle of France's CGT, and Italy's CGIL communist-backed unions or even the French socialist CFDT.

Impotence of unions

The relationship between those unions that have linked up across the frontiers is in any case consultative. Denied the use of a strike weapon, for stoppages would only accelerate imports without inconveniencing the public or other industries, the unions have restricted bargaining power. Perhaps their strongest limitation, though, is comparatively low memberships.

Only 35 to 40 per cent of all textile and garment workers in the Community are unionised, reflecting the fact that women account for up to 60 per cent of the labour forces in many countries, and immigrants a further undefined proportion.

In textiles, the EEC trades unions' opponents are not the employers so much as governments, and ineluctable changes elsewhere in the world. As one of the UK's more militant trade unionists conceded: "All we are really left with is lobbying our own government or the European Commission."

Demands for selective curbs on imports and the stricter policing of Community free trade regulations, or for higher pay in Third World countries that would increase the cost of imported goods, are trade union preoccupations that have still to bear fruit.

Perhaps the impotence of the unions is best illustrated by their demands that outward processing—the system of sub-contracting to low cost countries that now accounts for over 40 per cent of, for example, West German "output"—be cut back. In recent weeks, the Brussels Commission informed the unions of proposals that would raise the EEC's average outward processing level to 30 per cent. The meeting ended in uproar and disorder, but unionists who were present have little doubt that the proposal will, before long, become hard reality.

Europe's textile and clothing workers do, in fact, have a hidden bargaining counter. It is the cost to national economies of their own unemployment, together with the ripple effect that it will have on sub-contracting and service industries.

The calculation that is beginning to dawn on trades unions, politicians and local governments is that a likely halving of textile employment could by the mid 1980s turn Europe's mill towns into ghost towns. Adding up the cost to a national exchequer, of, say, a 20 per cent increase in unemployment in Bradford or Roubaix in northern France can only be a rough estimate; but the element of snowballing public deficits in the textile regions are redundancy and unemployment pay, large shortfall in tax revenues and rates and the contraction of local commerce and small businesses.

The outcome is likely to be a rich vein of resentment for some politicians to mine. But so far political response to the textiles crisis has been muted in most EEC countries, and in the UK where there is most militancy, it has been largely by-passed. In the latter case that is no doubt because the textiles electorate had itself been fairly indiscriminate in unseating MPs whatever their party.

At present, political pressure is liable to concentrate on increasing attention to the worsening position of Europe's textile related sectors and step up demands for Community aid on a par to that being funnelled to the much smaller steel and shipbuilding industries. The process is far from easy, though, as British members of the European Parliament have discovered. Attempts to set up a working party in the European Assembly that would group MEPs representing textile constituencies have so far attracted only UK members. The list system under which other EEC countries' members were elected, means they have few regional loyalties.

TEXTILE RAW MATERIAL CONSUMPTION IN EUROPE

% Changes in Staple Fibre Consumption 1971 to 1978

	Cotton/Flax Spinning	Wool Spinning	Non-Spun Uses	Total
UK	−23	−13	+ 40	− 9
Germany	−16	+11	+ 1	− 7
Italy	− 5	+33	+ 37	+18
France	−20	−12	+ 20	−13
Benelux	−42	−13	+ 22	−22
Spain	+15	+26	+ 75	+21
Austria and Switzerland	+ 3	−26	+110	+ 9

% Changes in continuous filament yarn consumption 1971 to 1978

	Weaving Textile	Weaving Ind.	Warp Knitting	Weft Knitting	Hosiery	Carpets	Total
UK	+14	−10	−25	+11	− 7	+113	+ 6
Germany	−11	− 8	−31	− 1	−35	− 4	−12
Italy	+ 3	−16	−20	− 3	+58	+125	+ 5
France	−30	+ 1	−19	+33	−35	+170	− 3
Benelux	−36	+14	−47	−24	−61	+ 95	+ 7
Spain	+ 7	+15	+ 6	+49	+52	+170	+20
Austria	−20	−49	−62	−10	−26	+ 75	−18

The case for optimism in the 1980s

THE REACTION of the textile industry throughout Europe to forecasts of job losses has been to press for further extension of the existing international agreement covering trade in textiles—the multi fibre arrangement—when it runs out at the end of next year.

The pressure from imports is likely to continue, but major restructuring has taken place within the European industry during the past five years and if reasonably stable world economic conditions prevail in the 1980s there is a good chance that a strong but significantly different European textile industry could emerge.

During the 1970s the number of people working in the industry, particularly in Northern Europe, has fallen considerably, but output in Western Europe as a whole has remained broadly the same. Imports would therefore seem mainly to have captured the growth in the markets with jobs in the industry disappearing as companies step up their investment to increase productivity.

The head of the EEC's Textile Negotiating Division, Mr. H. Krenzler, on a recent visit to Britain was told of total investment by UK textile concerns in the 1970s of around £2bn, a figure almost certainly exceeded by the other three main textile producers in Europe—Germany, France, and Italy—all of which have had a higher rate of modern spinning and loom installation over recent years than the UK. Investment has also been running strongly in southern Europe, in Spain, Greece, and Portugal in anticipation of joining the EEC.

In Germany where there have been widespread closures and numerous rescue operations by the banks, the strength of the industry lies in its large number of medium-sized companies, many of which have tackled the problem of excessive manpower and concentrated on efficient production of high quality products. Germany by virtue of this policy has retained a large spinning industry, even though it is the biggest importer of spun yarn in Europe, and it has a very strong weaving industry which manages to offset a large intake of imports (mainly less expensive fabrics) with an equally large export trade, mostly to other developed countries including the UK. The more labour-intensive clothing sector increasingly has been transferred to countries in the Mediterranean basin or in eastern Europe where there are low labour costs. Production in overseas factories is to German standards, and to German specifications with a direct financial link in some cases, and the fabric used will generally be German-made. Garment production from units outside Germany is very often used to keep down the costs of output from German factories and this is one factor behind the new competitiveness in other developed countries of German-made clothing such as suits. A similar development has taken place within the much smaller Netherlands textile industry.

In France—traditionally much less exposed to imports than the UK, Germany and Netherlands—some regrouping of the industry has taken place with the absorption of Boussac into Agache-Willot and the elimination by Rhone-Poulenc of some of its loss-making activities. There are signs too that French companies are planning a major expansion of their export activities which are already able to draw on the fashion appeal of French design names. One important move is the development of a number of marketing co-operatives co-ordinating the export effort of groups of small and medium-sized companies with complementary products.

Of the other major European producers, Italy has had the most remarkable success, rapidly expanding its output, employment and exports in spite of weak market conditions, and competition from the Far East. The Prato region of Italy is now the most important production centre in the world for woollen fabrics. The basis of this Italian success is partly Italian flair and design but it is clear that the industry is also helped by its structure. Though there are large companies, as elsewhere in Europe, production is organised in a number of sectors in very small units, mostly family based and operating in effect as sub-contractors, and able to avoid social costs and other overheads.

The pattern that seems to be emerging in Europe, therefore, is of an industry shifting progressively to the south but with the northern European nations, such as Germany, keeping a strong hold on some of the more capital intensive processes, and indeed on the organisation of garment production elsewhere for its own market.

As living standards continue to rise despite the setbacks of recession there seems every chance in fact that European consumers will be less inclined to buy the products which third world countries can initiate themselves, though they will continue as important suppliers of products specified by big European groups. Success in the European textile industry could well go, therefore, to companies which develop strong brand images backed by good design and marketing and which sell goods drawn from the most economic sources of production around the world.

It is a trend which has certainly not been lost on the big U.S. textile groups. With their very long production runs and efficient working practices U.S. mills were among the lowest cost fabric producers in the world—even before the current oil price advantage.

The remaining question is where the UK with the biggest textile and clothing industry in Europe—in employment terms at any rate—fits in. Britain's strength lies partly in its large textile companies, and their worldwide spread of operations. The UK textile industry also still has some of the best-known world brand names—Viyella, Burberry, Crombie, Jaeger and Tootal, for instance.

Britain is now unusual in Europe, however, in having a relatively small weaving sector and a correspondingly greater interest in knitted fabric—the most economical route to cloth production but one that has lost out in consumer appeal in the 1970s. Britain has also been slower than Germany or the Benelux countries in developing outward processing—export of fabric for making-up into garments—because of the very strong opposition of the clothing industry. Textiles and clothing may yet be one of the areas where a difference between the British and European approach will pay dividends. The precedents from other sectors, however, are not entirely encouraging.

Rhys David

MEN AND MATTERS

Wall Street shuffle

Proof that life in the biggest ponds does not always live up to the expectations of even the biggest fish comes with the news that Paul Hallingby, 60-year-old vice-chairman of Merrill Lynch, has collected his cards and is headed down-stream for the more intimate waters of Bear Stearns. Quitting the mightiest of New York investment bankers for a firm ranking around the bottom end of the top 20 of Wall Street's stock-broking houses, Hallingby appears disillusioned by what he calls "the very large and highly structured and regimented" environment at Merrill.

Bear Stearns, he says, is smaller "and more entrepreneurial." He is not the only one to go. Since 1978, when as chairman of White Weld he arranged for Merrill to take over his company, about 300 of his old firm's salesmen have left.

Now, Hallingby says, he is looking forward to expanding the investment banking interests of his new employers and is apparently not interested in any future mergers. Bear Stearns, he says, is highly profitable — "and it can afford to remain independent."

Carter must go

Graham Ferguson Lacey, the evangelist high-flyer making a personal bid for the 19 per cent chunk of Lonrho owned by Sheikh Nasser of Kuwait, says he has put the deal on the shelf for the moment. Snags, I wondered, trouble scraping up the necessary £40.5m? Not at all, I am assured. He is off to the States, but not to raise funds. He has a date on Thursday which he simply cannot break at what he terms a "presidential prayer meeting." Although he also admits to having some odds and ends to see to in the U.S., they are not especially pressing.

I learn from my man in the Bible Belt that Lacey, who has in the past warned that his religious commitments might sometimes clash with his business life, has been invited to a National Prayer Breakfast in a Washington hotel. The Congressmen organising the early morning session have also asked President Carter, but the White House says he has not yet made up his mind.

Might I suggest that the man from the Plains could find the meeting uplifting in more ways than one, given the state of his country's finances and the tips he might pick up from the one-man financial whirlwind from the Emerald Isle?

Underhand motif?

While Britain may have lost a measure of its influence in the world, I am pleased to report that its representatives have not lost their eye for the diplomatic niceties which do so much to lubricate the cumbersome machinery of international negotiations.

Delegates from NATO and the Warsaw Pact, who have been haggling in Vienna over troop reductions for the past five years with little to show for their labours, have made something of a breakthrough: they have agreed on the design for a "club" tie.

The gold embossed design was to show a sword being transformed into a ploughshare, which chimes in nicely with the popular Biblical reference and a concrete monument along similar lines in Moscow. An initial order of 350 ties — manufactured by a Kent company — has now been delivered and is selling well, particularly among the Poles. But my man with his ear to the wall fears that all has not turned out as well as expected. Some western diplomats feel that a Kremlin gremlin has been at work, and to their jaded eyes, they say, the pattern now looks quite positively like a ploughshare being forged into a sword.

Heads you win

If you want to get ahead in the field of investment, says David Shilling, get a hat. Milliner to the moneyed—his prices start at £70—he brims with enthusiasm for his nobby lines in what he calls "investment hats," and his debut at a commercial art gallery next month. Lowest priced exhibit will cost £350.

His creations already figure in museums in London and New York, and now Shilling believes the art collectors of Britain will need little persuasion to hang his creations on the walls of their homes. They can also be worn out or, as he suggests, in the bath—a flexibility of purpose far beyond that of your run-of-the-mill Patrick Procktor lithograph.

"Canvas is no longer the most relevant form of artistic expression. My hats are becoming artefacts," he boasts. Sceptics may care to contemplate the prices of one of his latest limited editions. The first model of his shoe hat—"two sexy, stiletto-heeled sandals on a hat"—sold for £850. Number four of the edition of six, a topical job in gold satin, on view at his W1 shop, is a snip at £1,200.

Lady in painting

Prices like that make the tickets on the works of art being offered by Lady Sieff seem almost modest. She has emerged from the commercial shadow of Lord Marks and Spencer to go into business in her own right. With her friend and partner Marianna Griesmann, she has established S.G. Graphics to sell paintings and prints to decorate offices. "There's a tremendous lack of good art in England," she told me.

Prices range from £40 to £1,250 for a David Hockney lithograph, and there will even be a Miro and a Chagall adding extra glamour at the official launch of the partnership in London tonight. Lady Sieff does not expect to sell either, however, and is not over-concerned. All the works, she explained, are on sale or return.

This arrangement with her suppliers has enabled the ladies to operate on a veritable shoe-string. "We don't need any financing," she said. Nor, she added did she need to draw greatly on her husband's business experience. "I have not had a career as such, but I have always been very interested in business. I could not work in his because that would smack too much of nepotism." Stressing her independence, she told me she would not consider it right to sell her wares to Marks and Spencer . . . "But I might give my husband the odd one."

Gone for good

The liquidators of Court Line, the holiday package company which came unwrapped in 1974, say they have now disposed of the last of Court's major assets: the Halcyon Days Hotel in the West Indies. The new owners, I understand, will be changing the name.

Observer

Nationalised sector seeks fairer deal

BY ANATOLE KALETSKY

MANY SPECIAL interest groups will be crowding into No. 11 Downing Street between now and next month's Budget in the hope of winning concessions, or at least forestalling attacks from the Treasury, in the latest round of public spending cuts. Few of these lobbyists will have cases to put to the Chancellor which are as important to British industry (or as interesting in their economic and political ramifications) as the arguments being presented by the nationalised industries in defence of their borrowing limits.

Alarmed by an extraordinary speech by Mr. Adam Butler, a Minister of State for Industry, which seemed to suggest that the state corporations' borrowings were a burden on the taxpayer equivalent to sixpence on the standard rate of tax, nationalised industry chairmen have injected a new note of urgency into a campaign which they have been conducting since the general election. The aim of the campaign is to persuade the Government to act on the promises of its predecessor, and establish a consistent and rational framework for the control of nationalised industries.

The nationalised industries' immediate goal in the meetings which their chairmen will be having with the Treasury during the next few weeks, will be to avoid any cuts in the £1.828bn cash limit on their external financing which was set in November and which appears to have been the target of Mr. Butler's remarks.

But the arguments which the Nationalised Industries' Chairmen's Group (NICG) will be trying to put across to the Government are themselves more important than the precise level of the cash limits set for next year, which the Chancellor has hinted will be maintained. The Government's response to some of the broader points in these discussions could affect not only the relationship between Government and public enterprise, but also the ideas about public spending which are the centrepiece of economic policy at present and the future of some of Britain's most important industrial sectors.

If they succeed in extracting a clear commitment from the Government to put into practice its rhetoric about disentangling politics from nationalised industry management, the state corporations could find themselves at a turning point in their troubled history. For 13 years, since the 1967 White Paper, the performance of the nationalised industries has been dominated by crises, costly indecision on investment, management reshuffles and, at times, enormous financial losses. Inconsistencies and U-turns in government policies must bear a significant share of the blame for these failures—although management mistakes, economic upheavals and labour troubles have been even more important.

Revival

During the past three years, however, there has been a remarkable revival in several of the industries' fortunes. Against the background of a relatively stable and amicable relationship with the last Government, the Post Office, the Gas Corporation and the electricity industry began to take advantage of the opportunities presented by their rapidly changing markets. And during the coming decade it is probable that coal, nuclear energy and perhaps even public transport will join telecommunications and gas in the list of Britain's most important growth industries.

These industries will continue to require grandiose investment programmes and extremely long-range planning—the nationalised industries now account for 20 per cent of Britain's fixed investment. The vital question is whether the present financial framework, coupled with the Government's preoccupation with short-term cash control and with limiting public borrowing, will allow the right investment and planning decisions to be made.

NATIONALISED INDUSTRIES' FINANCIAL TARGETS

	TARGET	PERIOD
British Airways	6 per cent on CCA* assets, before interest	3 years to 1981/82
British Gas	6.5 per cent on turnover, after interest and CCA depreciation *9 per cent on CCA assets, before interest*	1979/80 *3 years to 1982/83*
British Railways	Break-even, after interest, grants and depreciation (basis not specified)	Long-term
Sealink	5 per cent on CCA assets, before interest	By 1982
British Steel	Break-even, after interest and historic depreciation	1980/81
Electricity Council	10 per cent on historic assets, before interest, after depreciation (historic cost plus 40 per cent); 1.8 per cent on CCA assets, before interest	1979/80 3 years to 1982/83
National Bus Company	Break-even, after interest, grants and depreciation (basis not specified)	Long-term
National Coal Board	Break-even, after interest, grants and depreciation (basis not specified)	Long-term
Posts	2 per cent on turnover, after interest and CCA depreciation	3 years to 1981/82
Telecommunications	*5 per cent on CCA assets, before interest*	*3 years to 1981/82*

* CCA is Current Cost Accounting

In theory, the main financial objectives of the nationalised industries are supposed to be the financial targets set by the Government for each industry separately, "in accordance with their own particular circumstances." The 1978 White Paper on Nationalised Industries, on which the thinking of both the Government and the corporations is based, promised that targets would be set for all the industries "as soon as possible," and that they would cover periods of three to five years.

Two years later, most of the industries nominally have targets. But in a number of important cases, including British Railways and the Coal Board, they are of limited relevance because attainment of the objective—to break even after government grants, depreciation and interest—depends crucially on the level of government grants, which has varied unpredictably in the past two years.

But the nationalised industries' main complaint is not that their financial targets are unreasonable. It is that the medium term targets were superseded even before they were announced by a very much more arbitrary form of discipline — cash limits. These were invented originally for other parts of the public sector, as a way of monitoring expenditure during the course of a year and ensuring that the cost of programmes planned on a constant-price basis, did not soar out of control as a result of inflation. However, because of the unique position of the nationalised industries, as commercial enterprises within the public sector, it was recognised in 1976 that their outgoings should not be treated in the same way as general public expenditure. To the extent that their wages, raw material costs and capital spending are covered by their sales revenues, they are not a burden on the taxpayer and therefore are not cash limited.

The cash limits cover only the residual difference between the corporation's outgoings and their revenues: they are limits on their external financing requirements (EFRs). These impinge indirectly on all aspects of the corporations' activities: for example increases in wage costs that are not matched by higher selling prices, increase the need for external finance, unless some other part of an industry's plans, such as its capital spending, is modified. One criticism of the cash limit regime is that EFRs have only a very roundabout and unpredictable effect on any particular aspect of a corporation's management — such as its attitude to pay negotiations. But that is a lesson which the Government *is already learning from the* experience of the current pay round.

The problem that is being stressed in the present discussions is that there is no guarantee that the cash limits set by the Treasury will be consistent with the attainment of longer term financial targets.

The nationalised industry chairmen are not arguing for the elimination of cash limits altogether: they are seeking Government commitment to a code of practice which they believe will iron out some of these problems and, most importantly, assure a greater measure of consistency between cash limits, medium term financial targets and any other objectives that the Government or Parliament may impose.

Although cash limits are set on the basis of each industry's own corporate plans and business forecasts, there are three reasons why they may contradict financial targets in practice.

First, there is simply the difficulty of forecasting the difference between two very large and unpredictable quantities: an industry's total income and its total expenditures. Small variations in any of the forecasting components for industries like the Electricity Council, which has a turnover of £5.4bn, can produce very large errors in the EFR forecast. If financing cannot be carried over from one year to another and cash limits are given precedence over all other objectives, remedial action has to be taken which may make no commercial sense and may conflict with the industry's financial target.

Last year the corporations were particularly disturbed to find that the Government had decided to set firm cash limits for 1980/81 in November 1979, instead of waiting for the 1980 Budget, in accordance with the practice of previous years. The cash limits imposed for 1980/1981 are therefore based on particularly uninformed guesswork about the industries' true financial needs in that year. At the very least, the NICG hopes to persuade the Government to accept a more reasonable timetable for the setting of cash limits in future.

The second, and much more ambitious proposal for improvements to the cash-limit system concerns the assumptions on which the forecasts are based. The corporations are annoyed about they way that successive governments have forced the Treasury to rewrite forecasts made by the corporations' own finance departments, so as to incorporate assumptions on pay and price inflation — based on official wishful thinking, rather than on prudent commercial judgment. The suggestion being put forward is that, in the annual round of cash limit negotiations, the Government should clearly accept responsibility for the assumptions it imposes on the corporations. If these turn out to be off the mark, the Government should adjust the cash limit or accept responsibility for price changes, redundancies or other actions required to stay within it.

Debate

It is hard to see how taking the blame for the unpleasant consequences of cash limits could be politically acceptable to a Government whose labour market policy is based largely on non-intervention. The debate currently raging — about whether industrial action "against the Government" by workers in nationalised industries constitutes "primary" or "secondary" action — makes the idea of saddling the Government with the entire responsibility for the wage assumptions it imposes particularly explosive.

The third current in the nationalised industries' case against the present application of their financal framework is even more far-reaching. At the moment the point is being put only tentatively, but there is a growing feeling that it is irrational to restrict nationalised industries' borrowing in the same way as other areas of public spending, such as civil service salaries, or social security payments. If borrowings are required by profitable industries, such as the Post Office or the Gas Corporation, to finance investments which are expected to yield returns well in excess of the cost of borrowing, should they be discouraged as part of the general campaign to reduce public spending and the PSBR?

The nationalised industries recognise that their investment programmes, even if they are expected to yield profits consistent with their financial targets, may pre-empt resources that could be used for investment by the private sector. How the "social opportunity cost" of capital is best measured is hotly disputed among economists. But one point on which most economists would agree is that arbitrary limitations on public sector borrowing as a whole are not a good way of allocating investment between the private and public commercial sectors. Indeed, it is paradoxical that a policy of reducing the PSBR, one aim of which is to "make more room for productive investment," should depend on restricting profitable investments by commercial undertakings, such as the Post Office or the Electricity Council. Even British Rail, which is not profitable as a whole, has claimed that profitable and necessary investment programmes will have to be curtailed to keep within its cash limits.

This point has been made by the Government itself, announcing the "privatisation" of British Airways, which will involve removing its borrowing *needs from the definition of* public spending. Eventually British governments may even come to accept that nationalised industries are productive industries first and public enterprises second—a point which has long been axiomatic in the rest of Western Europe.

Letters to the Editor

Facilities for communication

From Mr. E. M. Wagner

Sir,—Although I am a radio amateur, and not a model radio control operator, I fully support Mr. Ewart-James (January 29), that the frequencies must not be disturbed.

I do not see the need for citizen's band radio at all. If communication is wanted from mobile situations, such as doctors, taxis, etc., the facilities already exist. The Post Office will supply the apparatus, allocate a frequency, maintain the apparatus and the user has no right to modify or change the apparatus exactly like a telephone. In fact it is virtually telephone from a mobile vehicle.

If the object is one of interest in the technical factors of communicating by radio, the organisation already exists as radio amateurs who are licensed by the Home Office to operate *on certain bands of frequencies,* with appartus either bought or built by the amateur. But of course, the applicant has to show a certain degree of knowledge of radio communications and pass an examination.

Citizen's band seems to require no knowledge at all of radio communications, nor are they prepared to use the facilities already provided by the Post Office for car radios for doctors, taxis, etc.

Several countries notably the U.S.A. have already legalised citizen's band and have found it produces an uncontrollable situation and in some cases complete chaos.

E. M. Wagner.
5, Ferncroft Avenue, NW3

Radio-controlled models

From the Member for Bexley, Erith and Crayford Greater London Council.

Sir,—Through your columns may I both console and reassure Mr. D. Ewart-James (January 29) and the 100,000 licensed users of radio controlled models.

It is illegal to import citizen's band equipment into this country but not to sell it. The Parliamentary working party, the national committee for the legalisation of CB radio and the Home Office are all in agreement that the frequency for CB should not be 27 MHz, which is used by radio modellers.

It has been estimated there are up to 20,000 illegal CB operators in UK. CB on 27 MHz is legal in 13 European countries. These countries were presented with a *fait accompli* by the demand for personal communication among their citizens and thus legalised an inferior frequency, incidentally doing nothing for their home electronic manufacturers.

Once our Minister decides, UK will have a superior system—a ready-to-export *alternative to* Europe's present radio mayhem.

Richard Town.
(Technical Adviser
Parliamentary working party),
Members' Lobby,
County Hall, SE1.

Banned from the band

From the Head of Information, HM Customs and Excise.

Sir,—Mr. Ewart-James' letter (January 29), about the importation of citizen's band radio equipment is misleading.

The Radiotelephonic Transmitters (Control of Manufacture and Importation) Order 1968 made under the Wireless Telegraphy Act 1967 prohibits the importation, except under a licence issued by the Home Office, of wireless apparatus capable of transmitting on frequencies between 26.1 and 29.7 MHz. This range embraces virtually all CB apparatus and as the Home Office seldom, if ever, issues import licences for such equipment, its importation is for all practical purposes prohibited.

Customs has powers under the Customs and Excise Management Act 1979, to seize goods imported contrary to an import prohibition and to take prosecution proceedings against offenders.

J. E. L. Dahn,
HM Customs and Excise.
King's Beam House, Mark Lane, EC3.

State money for secret ballots

From the Vice-Chairman, National Committee, Conservative Trade Unionists

Sir,—Some leaders of the TUC have suggested that trade unions should be forbidden by the TUC to take state money for secret ballots. This they say would be a form of interference by the Government in union affairs.

Could the same union leaders say whether they will also now refuse the £1m they have been accepting from Government towards their training courses? Perhaps they could say to what extent they have found the Government interfering in their training programmes?

Or perhaps it is not the principle of state grants they are worried about, but rather the threat of secret ballots to their cosy and unrepresentative decision making processes.

Geoff Campbell.
Conservative Trade Unionists,
32 Smith Square, SW1.

Unsafe goods on the market

From the Secretary, Product Liability Technical Committee, European Organisation for Quality Control.

Sir,—Ann Davison, Consumers in the European Community Group (January 24), stated that "the question of recall—is not a requirement of the directive." This is quite true but, the explanatory memorandum also says "insurers have let it be known that the insurability problems of a recall are enormous." I did not suggest that recalls would be a requirement of the new laws although they may be mandatory in the United States. But I did say that the cost of a recall could be very heavy indeed—as for Corning Glass mentioned in my earlier letter (January 21). The point was, and still is, that in the long run the cost of recalls will have to be borne by the consumer. The very fact that a responsible manufacturer would not knowingly leave unsafe goods on the market will tend to add to the costs! These costs are among the "internal overheads" about which explanation is requested.

It is also a fact a great deal more recording of information *will have to take place in order* to satisfy the bureaucracy that the manufacturer is taking all reasonable steps to ensure that he only sells a safe product. (Indeed, those manufacturers supplying the American market already have to do this to satisfy the American consumer bureaucracy). This means that, not only is the manufacturer taking all the necessary steps to ensure that he only sells a safe product but, he will be required to keep extensive and comprehensive *records to prove* that he is doing so. Industry, at least, is well aware of the fact that recording of information is expensive and that storing it is equally expensive. And these records will have to be kept for periods in excess of ten years.

With all due respect one feels that the often expressed consumer views about industrial costs represent "the voice of inexperience" insofar as industrial practice is concerned.

R. M. McRobb,
Glebe Cottage,
Honeydon Road, Colmworth, Bedford.

Product liability

From the Director General, British Safety Council

Sir,—The product liability issue which is currently exercising people's minds, and causing bitter argument in the process, is whether or not the planned EEC directive should allow manufacturers to invoke "development risk" as a permissible defence in compensation cases.

While manufacturers are understandably anxious about a law which would make them liable for unforeseen defects arising in products originally manufactured in accordance with the latest scientific and technological knowledge industry should have to bear legal responsibility for development risks for two reasons.

From a moral standpoint, it is difficult to see why consumers should have to bear the risk, without remedy, of defects being discovered in use, particularly when the party best placed to pay compensation and correct the defect, whether it be in production or design, is the manufacturer.

On a pragmatic level, there is no reason to suppose that such a law will have an adverse effect on manufacturers' ability or indeed will to continue producing products, whether standard lines or new varieties.

Product safety experts in the United States have pointed to the "therapeutic" effect liability laws have had on American manufacturers, in urging them to make safer and therefore better products, although it should be admitted that the fear of litigation has forced some manufacturers to fold up altogether. Given that innovation is the lifeblood of industry, it is doubtful whether British manufacturers will in the end opt only for tried and tested products and so cut their own throats.

As to the cost of this legislation, figures of £5m per annum per company have been quoted in your columns (Mr. McRobb, January 21). While this may seem a high figure (and I am dubious about such *a large estimate) it is only a* fraction of the cost that Ford Motor Company of America has already paid for its failure to exercise proper design and quality control in the case of the Pinto. Indeed, British Leyland was ordered to pay compensation amounting to £500,000 as a result of just one product defect case in the United States, and we cannot afford to ignore international markets.

Product safety law will certainly mean more expensive goods, but I am equally certain that most consumers will prefer *to pay higher prices for* safer products rather than manufacturers' mistakes.

James Tye,
National Safety Centre,
Chancellor's Road, W6.

Taxes and benefits

From Mr. F. Field, MP

Sir,—Mr. Lindsay would have been at home with Mr. Gladstone for his views have a distinctly 19th century air about them. The debate on taxes and benefits underwent a major reform in the 1950s when the Royal Commission on Taxation suggested it was important to take a "command over resources" view on what constitutes income. Mr. Lindsay still appears unprepared to do so, or to accept the transformation brought about by the Tory Government paper on tax credits. From that moment onwards the idea that one could think of paying cash benefits or being in receipt of tax allowances as two separate issues came to an end, but old habits obviously take a long time to die.

Many people on the Left argued against the Green Paper on the grounds that any money spent on implementing the tax credit scheme could be better used in raising national insurance benefits and the like. I argued for keeping an open mind on the proposals simply because of the effect the tax credit scheme would have on the whole of our tax social security system.

The scheme implicitly accepted that tax allowances were benefits similar to cash payments. As tax allowances favoured those on high incomes any scheme which converted them into a uniform cash payment seemed to me to be a good move.

This is presumably what hurts Mr. Lindsay. He may not be able to see the similarity between a child tax allowance and a cash payment of child benefit, but on this he should talk to his wife. In the old days the Chancellor could increase the tax free income of families by raising child tax allowances. Now he can do the same by increasing child benefit and thereby maintaining tax equity between the childless tax payer *and those with children. And* if what really worries Mr. Lindsay is that CTAs can be claimed at the marginal rate of tax and were therefore worth more to the well off, he can rest assured that a tax free child benefit has the same effect. To work out how much gross income a tax payer needs to earn a £4 net increase in earnings (the size of child benefit) shows this clearly.

Frank Field.
House of Commons, SW1.

Today's Events

GENERAL

UK: Mr. Gordon Richardson, Governor of the Bank of England, speaks at Overseas Bankers Club banquet, Guildhall.

Mrs. Margaret Thatcher meets delegation from the Central Council of Physical Recreation to discuss proposed boycott of Olympic Games.

Mr. Peter Baxendell, Shell Transport and Trading managing director, speaks at Coal Industry Society lunch, London.

New 19th issue of National Savings Certificates goes on sale.

Mr. Paul Channon, Civil Service Department Minister, speaks at Bexley, Kent.

Mr. Timothy Raison, Home Office Minister, speaks at County Hall, London.

Sir Peter Gadsden, Lord Mayor of London, lunches with chairman and Board of Lloyds Register of Shipping, Fenchurch Street.

Mr. Neil Kinnock speaks at National Union of Mineworkers' meeting, Sutton in Ashfield, Notts.

Overseas: Council of Assembly of National Olympic Committees meets in Mexico City.

EEC Foreign Affairs Council starts two-day meeting, Brussels.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Welsh affairs. EEC documents on construction products.

House of Lords: Deaconesses and Lay Workers (Pensions) Measure. New Hebrides Bill, second reading. Competition Bill, second reading.

OFFICIAL STATISTICS

Capital issue and redemptions (during the month of January). UK official reserves (January). Hire Purchase and other instalment credit business (December). Retail sales (December—*final*). *Building society* house prices and mortgage statistics (fourth quarter).

COMPANY MEETINGS

See Financial Diary on Page 15.

COMPANY RESULTS

Final dividends: Lonrho. Pentland Investment Trust. Interim dividends: Apex Properties. Ashley Industrial Trust. Hillards. Vibroplant Holdings. Interim figures: Whitworth Electric (Holdings).

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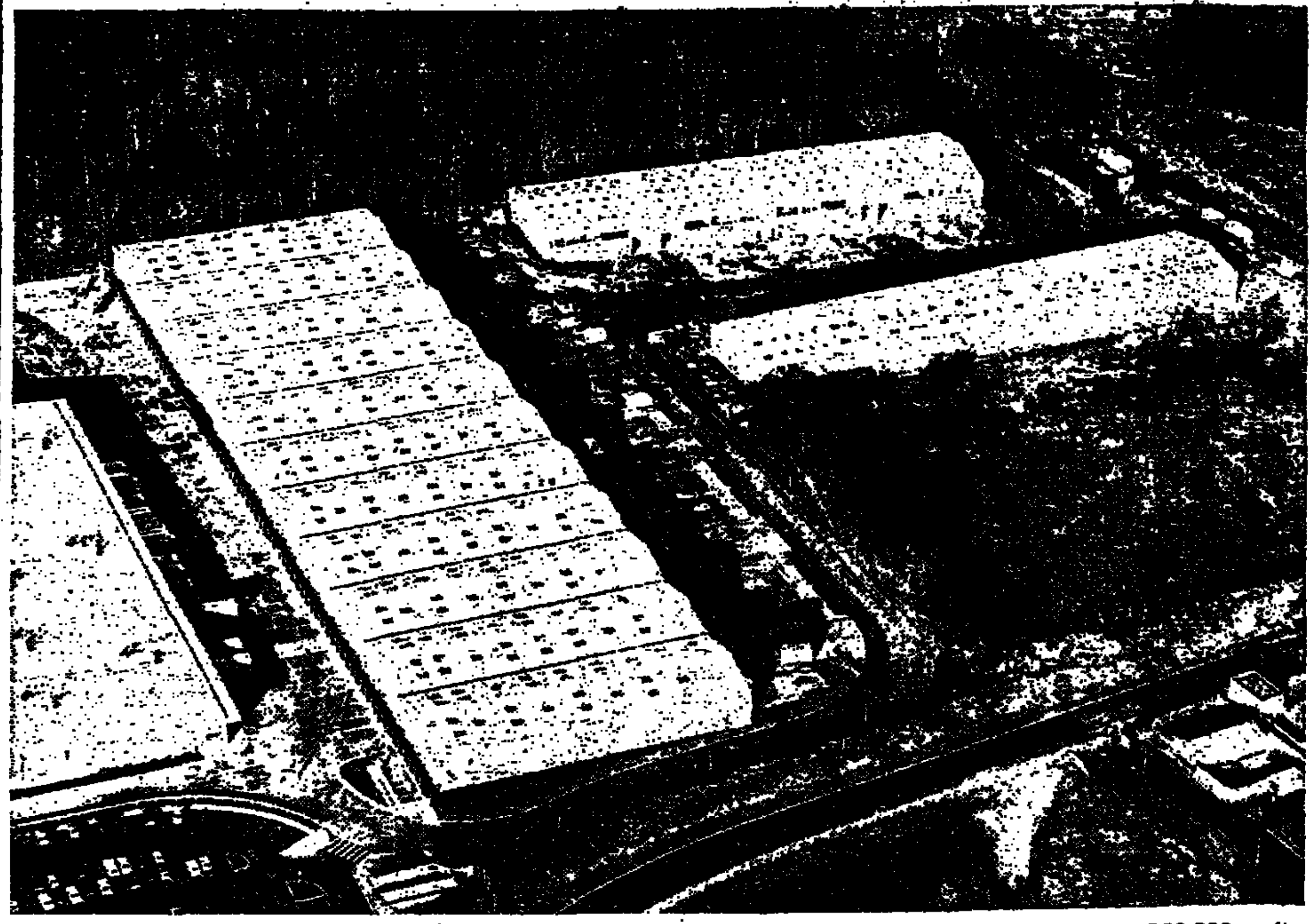
INDUSTRIAL PROPERTY II



Goldsworth Park Trading Estate, Woking—a 20-unit Trafalgar House development totalling over 200,000 sq ft

Output and investment likely to fall until economy rallies

PROSPECTS FOR the industrial property sector have deteriorated in recent months and are much less bright than over the past couple of years. This reflects increasing pessimism about the depth and length of the recession; total output and fixed investment are expected to decline over the year.

Consequently, private sector construction of industrial buildings is expected to decline both this year and in 1981 following increases over the previous three years. The implications of this for the specialist industrial developers and investors are not exact since such companies operate in only part of the market—and almost by definition it is the most rapidly growing and attractive part.

Industrial development generally has a marked cyclical nature. This is shown by both Department of Environment figures for construction and by Department of Industry statistics on capital investment. The general pattern has been for expenditure on new buildings to rise or fall between six months and a year after a more general upturn in the level of demand in the economy.

Private industrial construction fell between 1974 and 1976 and then picked up sharply—rising by 16 per cent in 1977—in response to the general revival in output and investment which started a year earlier.

Time-lag

There is also a close relationship between total fixed capital investment and spending on new building work. There tends to be a time-lag both between a general economic upturn and a revival in fixed investment and between a pick-up in spending on plant and machinery and an increase in construction activity. This can be explained partly by the confidence factors—which means that industrialists want to see firm evidence of an economic upturn before committing themselves to the level of spending implied by the construction of a new factory. There is also an interval between reaching a decision on putting up a new factory or warehouse and the construction of it.

Quite a lot of the expenditure on new buildings by manufacturing companies has little direct impact on the specialist developers since most of it is for owner occupation. Some of these developments may come on to the investment market for purchase by financial institutions but many factory buildings are by their nature specialist and not easily re-saleable. Developers and investors prefer more easily re-lettable and re-saleable properties such as warehouse and distribution units. Some of the big industrial developers do of course build factory units on their industrial estates. But much of the recent speculative development has been in warehousing. This is both because of its marketability and because of growth of distribution it is in contrast to the relative decline of manufacturing industry where output has been sluggish.

The Joint Forecasting Committee of the Building and Civil Engineering Economic Development Committees noted in December that against a background of a small increase in total private industrial construction in 1979 a large rise had taken place in orders for warehouses in the previous 18 months while orders for factories had reached a plateau, albeit a fairly high one. Some of the demand for warehouses has been associated with the rapid growth of imports in the past few years.

CAPITAL EXPENDITURE
£m at 1975 prices, seasonally adjusted

	Manufacturing		Distribution and Services		
	Total	New building work	Total	Wholesale distribution	New building work
1971	3,897.7	880.4	3.810	378	1,881
1972	3,370.4	710.6	3,986	400	1.771
1973	3,439.8	674.4	4,519	386	1,842
1974	3,781.8	686.9	4,477	430	1,793
1975	3,521.9	639.9	3,851	362	1,514
1976	3,341.3	503.8	3,929	338	1,511
1977	3,637.0	581.8	4,390	449	1,438
1978	3,852.6	651.5	4,709	444	1,456
1st ...	945.7	152.2	1,157	110	341
2nd ...	969.8	155.8	1,190	111	378
3rd ...	965.7	169.0	1,163	111	371
4th ...	971.4	174.5	1,199	112	366
1979					
1st ...	951.8	157.1	1,201	112	347
2nd ...	928.1	140.8	1,294	118	370
3rd ...	939.8	149.0	1,289	125	381

Source: Department of Industry.

Apart from cyclical variations in work there has also been an underlying long-term decline in expenditure by manufacturing companies on new buildings. There has been a marked drop in the level of manufacturing spending on new buildings from each economic cycle to the next over the past decade. There has also been a drop in the proportion of total capital investment allocated to new building work—possibly because manufacturing companies are more cautious about the long-term potential for expansion.

There has also been a decline in new building work by distribution and service companies since the early 1970s. But this figure also includes spending on shops and offices and the latter, in particular, was hard hit by the property collapse. A better guide may be the total capital spending of the wholesale distribution sector, which has risen since the early 1970s.

The main economic influences on factory and warehouse building are necessarily rather different. The primarily owner-occupied factory side is affected mainly by the overall level of fixed capital investment by manufacturing industry and hence by the prospects for output, profitability and liquidity.

On all these counts the outlook is not very promising, with a near 2 per cent drop in total output this year forecast by the Treasury. Indeed fixed investment by manufacturing industry has already started to decline from a cyclical peak at the end of 1978. Manufacturing investment in the six months to September, the latest figure, was about 3 per cent less in real terms than in the previous half-year. Moreover, Department of Industry investment intentions surveys have become steadily more pessimistic about the prospects for 1980. The latest survey in January suggested that investment in 1980 would be 6 to 10 per cent less than in 1979, with possibly a further fall in 1981. This is broadly in line with most private sector forecasters' views of the investment outlook; the main question is whether there will be a pick-up in 1981. On the basis of past experience there could be a larger fall in spending on new building.

The outlook for the warehouse and distribution side could be somewhat brighter—which is of some comfort to specialist developers and institutions. Its prospects are tied in with the level of consumer spending; even after a rise of over a tenth in the volume of such expenditure in the past two years, further growth is expected over the next few years, albeit at a much slower rate than recently.

For example, a comparison of a dozen leading economic forecasts in the Financial Times on December 28 indicated an average rise in consumer spending of nearly 0.5 per cent this year followed by rises of 2 per cent or so in 1981. This contrast with the previous squeeze on consumer spending from 1974 to 1977 reflects the impact of North Sea oil, a consequent relatively high exchange rate and the switch from the public to the private sector.

The recent Department of Industry Intentions survey suggested that after a rise in total fixed investment by the distributive and service industries during 1979 as a whole there would be an increase of not more than 5 per cent this year with probably little change overall in 1981.

Ahead of supply

Looked at from another angle the Joint Forecasting Committee's report noted the combined effect of stagnating industrial production and the low corporate profitability of industrial construction. "It was reported that recently demand for industrial premises to rent had been running ahead of supply, contrary to the situation in 1973, when supply was running ahead of demand. Vacant industrial premises were claimed to be at an historically low level, when measured in square footage.

Consequently the committee agreed that "the prospect for output in the sector indicated that a pronounced dip seemed likely in 1980, which was estimated at 4 per cent. A downturn of the same magnitude is forecast for 1981." But the volume of construction is still expected to be higher than in the mid 1970s downturn, though lower than in the early 1970s.

Peter Riddell

New measures to woo companies to depressed areas

THE GOVERNMENT'S determination to reduce public ownership and at the same time provide new incentives for private-sector investment is at the heart of a series of measures primarily aimed at reducing legislative and planning restrictions on industrial development.

Many of these are now included in the revised Local Government Planning and Land Bill, presently before Parliament and which includes significant changes in planning requirements and measures designed to make more public land available for development.

In addition to these *measures*, the Government is now seriously considering the establishment of "enterprise zones" where *regulations* and public charges will be kept to a minimum *in* a bid to attract business back to depressed areas.

This concept, originally proposed in opposition by Sir Geoffrey Howe, the Chancellor of the Exchequer, appears to have strong *Cabinet* support, but it is unclear just how far the Government *may* be prepared to go in offering incentives.

Precise details of the scheme and possible areas to be chosen have still to be agreed, but the package *of incentives* is *likely* to include some relief on rates.

Mr. Michael Heseltine, Environment Secretary, is already examining building regulations with a view to making these less onerous for developers and switching some of the responsibilities for monitoring controls away from local authorities and on to the shoulders of the private sector.

How much further the Government *may* be prepared to go in reducing, not only building regulations, but also planning controls, in "enterprise zones" is difficult to assess at this stage and clearly raises important socio-economic issues.

The possibility of granting tax and excise concessions in "enterprise zones" has also been discussed but, initially, it seems most likely that any concessions will be introduced on a limited experimental basis only.

This Government may prove more successful than previous administrations in persuading industry to come to depressed areas, but there is a view among some developers that industry is unlikely to go where it does not want to go, no matter what concessions are offered.

Conversely, it can be argued that a number of firms which have taken advantage of financial and other concessions and gone to depressed areas would have done so anyway, as it was in their own business interests to do so.

Government measures to reduce legislative, fiscal and planning *restrictions* on new development have been broadly welcomed by developers, but the economic climate is such that it is likely to be some time before the effectiveness of these measures can be assessed.

With interest rates at record levels and building costs recently rising at almost 2 per cent a month, there is little incentive to embark on new *building programmes—particularly* while prime industrial properties are yielding not much more than 6½ per cent.

The proposed abolition of the Community Land Act and the reduction of Development Land Tax to 60 per cent have perhaps *most long term significance for* developers. However, these two pieces of legislation introduced in 1975 and 1976 posed *more of a potential, rather than* an actual, threat to private sector developers.

Wider powers

The Community Land Act gave local authorities much *wider powers* to acquire building land, but these powers, coinciding with a squeeze on local authority spending, were never widely exercised.

The Act posed a much more serious long term threat. Under the legislation, local authorities eventually would have been obliged to acquire all development land. No private sector development would then have been permitted except on land that had passed through local authority hands.

Equally, Development Land Tax was destined to become progressively punitive rising eventually to 100 per cent. But at the time the Conservatives came to power, DLT was being levied at a concessionary rate of 66⅔ per cent—now reduced to 60 per cent.

Opponents of the Act and of DLT have argued that they dissuaded private landowners from putting building land on the market and encouraged land hoarding by local authorities.

Whether these two pieces of legislation can be regarded as putting a major brake on new development in recent years is debatable.

It would seem much more likely that low levels of development have been primarily the result of economic considera*tions, while in some areas, new* building programmes have been held back by local authorities either refusing or seriously de*laying the granting* of planning permission.

The attractive "West London Corridor" office and industrial market—stretching from Hammersmith to Harrow in the north west and Guildford in the south west—is one area where developers have complained that new development has been hampered by what they describe as "*obstructive*" *local authority* attitudes. The authorities, however, say their concern is that local environment should not be *spoiled by over-development*.

While Mr Heseltine can legislate to reduce delays in planning procedures, it is much *more* difficult to *change* entrenched local authority attitudes.

The Local Government Bill does include *measures* to reduce planning delays and also provides for the establishment of local registers of land held by local authorities and nationalised industries. The Secretary of State will also have powers to enforce the sale of unused public sector land if he sees fit.

The Bill also gives greater responsibility for planning and development controls to district councils at the expense of *county councils* in a *bid* to reduce duplication of planning roles.

At the same time, Mr. Heseltine has said that he intends to be more accessible to developers who believe that their schemes are being unfairly blocked or seriously delayed by local authorities.

The Royal Institution of Chartered Surveyors, at Mr. Heseltine's request, has been investigating the possibility of establishing some kind of complaints committee to identify genuine planning problems which could report direct to the Secretary of State.

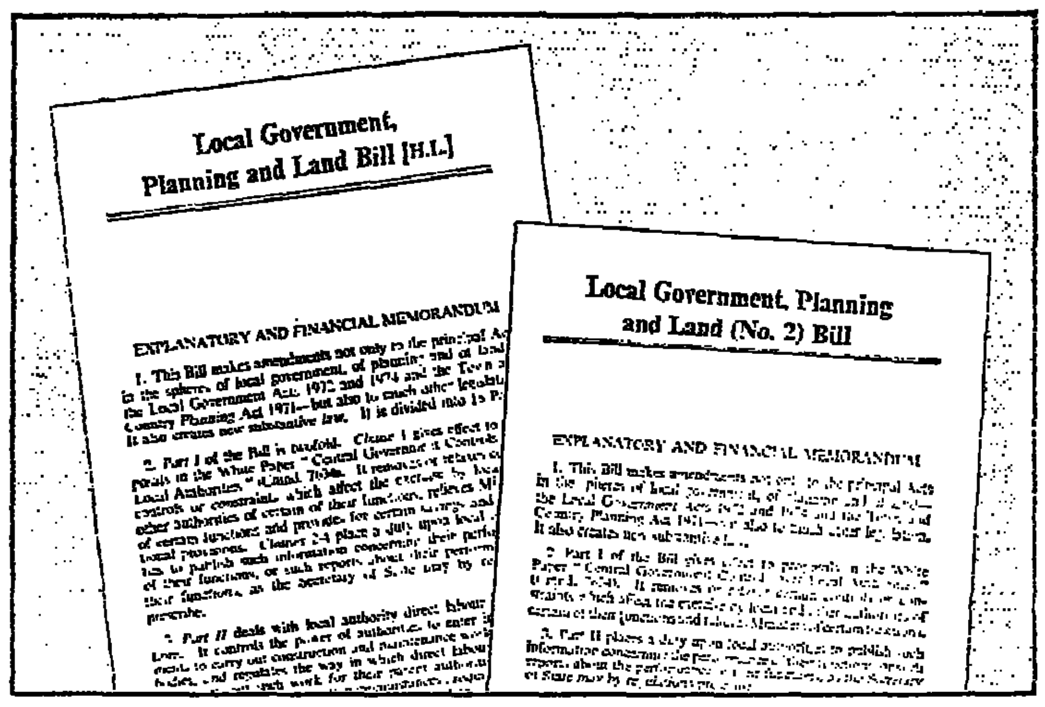
Mr. Heseltine has also said that he wants the processing of county council structure plans to be accelerated. These, he says, should be restricted to general strategic plans for future land use and not become bogged-down with too much detail. So that important schemes should not be delayed, local development plans will be allowed to go ahead without necessarily waiting for structure plans to be completed.

In addition, the Government is also investigating the possibility of levying some charge for the processing of planning applications for commercial developments. Charges, if introduced, are unlikely to be prohibitive and there is always the hope that systems may become *more efficient* if placed on what the Government regards as a "proper" financial footing.

Undoubtedly, many of the measures proposed *will make* for a much less restrictive climate for industrial development. Irrespective of this, future *levels* of new building *will* depend—as they always have—upon the prevailing economic climate.

Equally, the attitudes of local authorities towards a new legislative and planning climate has still to be tested.

Andrew Taylor



The introduction of the Local Government Planning and Land Bill to Parliament has been surrounded by controversy. It had been intended to introduce the Bill in the Lords but this plan was abandoned in the face of stiff opposition. Now a shorter revised version of the Bill has been published with 97 clauses from the original draft deleted—although some of these have been incorporated into other parts of the Bill. However the main thrust of the Government's measures to reduce planning delays and make more public land available for development has been retained in the revised version.

Prime sector for institutional funds

INSTITUTIONAL investment managers have to consider two basic criteria in reaching their investment decisions. In the first place, it is paramount that they consider the nature and term of the liabilities. Then they need to maximise the investment return consistent with matching those liabilities.

Life companies and pension funds have for long regarded direct investment in property as suitable for their funds, with some institutions becoming more involved than others. In considering their investment strategy, the gap in yields between longdated gilts and prime property has played a prominent part in their decisions.

But the liability parameters are somewhat different for life funds compared with pension funds. Conventional life business offers a high level of guarantees in money terms on its contracts with the term of the investment between 10 years and 25 years with more emphasis on the shorter terms. Pension funds, in contrast, have liabilities well into the future with coverage terms of 40 or more years with liabilities that rise with inflation.

Thus, in deciding on the proportion of funds going into fixed interest, equities and property, the life fund manager needs a high level of fixed interest to cover the monetary guarantees. The pension fund manager needs equities and property which will match his inflating liabilities. In general, pension funds are investing a higher proportion of new money in equities and property, compared with life funds — though many life companies now have substantial pensions business.

So the long-term approach of pension funds is to hold a high proportion of their funds in real assets, while life funds, anxious to maximise yields and holding large free reserves, have a substantial proportion in equities and property.

But no investment manager can ignore short term factors and at present there is a gap of several points between the yield on long term gilts and that on property, even industrial property. Pension funds can do very nicely at present by investing in the fixed interest market, both short and long term. With property currently overvalued and yields thin, short term considerations suggest that *managers should not chase property yields down when they can do very nicely in the fixed* interest market.

Shortage

At this stage, two further factors enter the manager's considerations. Both life and pension funds have a strong positive cash flow, that of pension funds possibly exceeding that of life companies. And there is a shortage of supply of first class properties of all types, including industrials.

This means that as far as pension funds are concerned, the investment managers are having considerable difficulties in meeting their long term aims for property investment. On general considerations alone, the target for major funds is *between 25 per cent and 30 per* cent of the assets in property. The present distribution of assets of these funds shows that the managers have not reached their targets and are having to run very hard to stand still, since the supply of properties *is limited*.

In theory, investment in offices and shops has always been regarded as the best property investment, with industrial property as much more speculative. This difference in investment status was reflected in the difference in yields between the various classes. But over the past few years industrial property has become regarded as a much more stable investment and the funds have been increasing their holdings in industrial property, with a consequent narrowing of the yield differentials.

The next consideration for managers is the presentation of their strategy to the trustees for pension funds and the board for life funds. A manager who under current conditions invests in property will show a lower *yield on his fund and less* investment income than if he had invested in gilts.

In these days, investment managers are becoming much more accountable for their decisions, explaining in detail the objectives of their investment plans and justifying the consequent results. But almost all managers seem able to explain satisfactorily the long term objectives against short term considerations, especially the "true" yield on property allowing for rent reviews. The current strong cash flow of pension funds means that money is being invested in both property and gilts.

Nevertheless, there are signs that property yields are firming and that funds are not going to chase down yields any further. Investment by institutions in industrial property will continue to be steady, but there is *not* likely to be a *flood of* money, despite the need for managers to invest in real assets.

Eric Short

Big developers show greater interest in nursery units

A SURPRISING feature of the industrial property market over the past 18 months has been the increasing interest shown by major UK developers and investment institutions in nursery units—small workshops or factories.

This is in response to a growing demand across the country for premises of this kind. In some cases this demand comes from skilled workers using redundancy payments to start up businesses in their own right. In others it is from people who have become disenchanted with working for large national and international groups and have saved enough capital to buy second-hand machinery to start small jobbing engineering businesses in rented accommodation.

Demand has been such that in some areas even non-industrial farm buildings have been utilised as nursery units; rents for small factories have risen sharply.

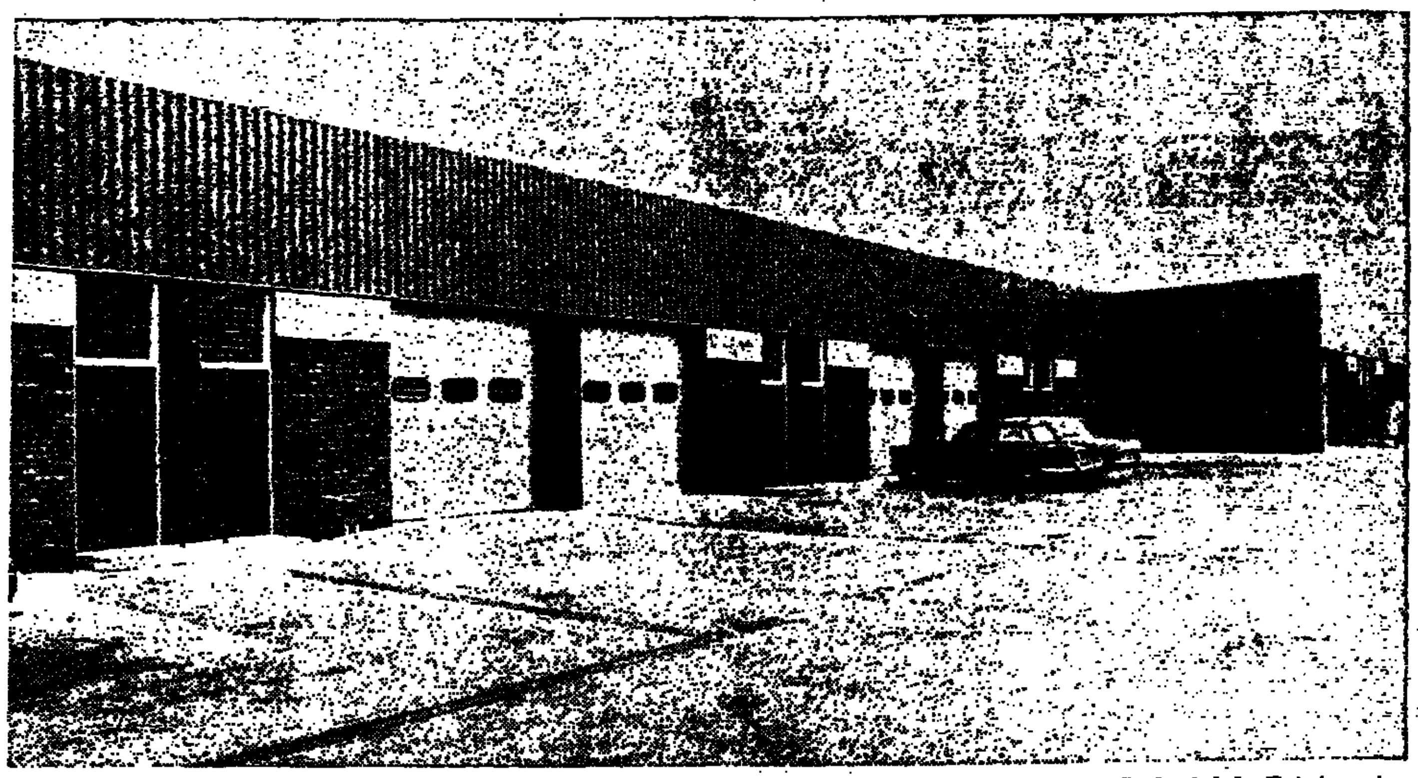
Until the past two years property investors and developers had generally shown little inclination to support this end of the market because of the high risk, complex management problems, and comparatively high cost of providing nursery units.

This attitude is changing. A group of major pension funds is planning to launch a new property unit trust aimed solely at investment in small factories. One of the leaders of this initiative is the National Coal Board pension funds which have been stepping up investment in nursery units in their own right. The mineworkers' funds managers have spent around £20m to £25m accumulating a bank of small factory units totalling around 500,000 sq ft.

This amount may be small by comparison with the rest of the Coal Board's industrial property portfolio but it is encouraging that so big a pension fund is prepared to become actively involved in this section of the market. The particular importance of the new unit trust is that it will allow other funds—particularly the smaller ones—to invest in nursery units without having to take on the management responsibilities of these properties.

The scheme is expected to be launched in the spring and is aiming initially at raising investment funds of at least £2m. This is, of course, still a drop in the ocean compared with £1.4bn the institutions are estimated to have invested in all types of commercial property last year.

The concept of nursery units is by no means new. The hundreds of small back-street factories which sprang up at the beginning of this century were the forerunner to many of today's major mass production industries. They provided an essential breeding ground for new engineering skills and technological development.


Part of Phase 2 of Slough Estates' nursery unit development on its Western Industrial Estate at Weston-super-Mare. The phase totals 23,500 sq ft and comprises 15 units varying from 1,210 sq ft to 2,086 sq ft

Initiative

The historical importance of this sector of the economy cannot be ignored; but in recent years there have been growing complaints that entrepreneurial initiative at this level is being stifled through lack of adequate funds and facilities. This climate has coincided in part with the growth of pension funds and life assurance companies as major providers of investment capital.

That the institutions should initially have been reluctant to invest in nursery units is not surprising. They are not in business to take risks on behalf of their members, particularly at a time when rental prospects in other and more secure areas of industrial property have looked so attractive.

Thus investment interest has largely been confined to comparatively larger units of 5,000 sq ft upwards, with most demand in the 5,000 sq ft to 10,000 sq ft range—although some very large properties of 100,000 sq ft-plus have recently been letting well, reflecting shortages at this end of the market.

When investing in industrial property an institution is generally committing pension fund payments or life assurance premiums for periods of up to 25 years. It is therefore easy to understand the desire of institutions to invest in those types of properties that will attract the more financially secure tenants.

High turnover

The record of small business failures is not good, which means that a high turnover of tenants operating out of nursery units can be expected—particularly in periods when high inflation and interest rates can quickly stretch finances to breaking point.

In addition, nursery units, by comparison with larger industrial properties, are relatively much more costly to develop. Each individual unit has to be provided with basic services like water and electricity while provision of separate loading bays and access can add further complication and expense.

On top of this come the complex problems of managing a large number of properties with a wide range of tenants and business activities.

Indeed, because of the lack of private sector interest a number of local authorities have taken on the provision of nursery units. Leeds and Manchester are two such municipalities. But there are advantages in nursery unit development which the private sector has come to recognise.

The lettings market for small factories has been very healthy over the past 12 months and units have been quickly snapped up when they have become available. A high turnover of tenants has meant that landlords, during periods of strong demand, have been able to take advantage of rising rental trends without necessarily having to wait for rent reviews.

There have also been indications that institutions are becoming more socially conscious and perhaps a little more willing to meet the community's needs for small factory units than they have been in the past—although a good return on their investment is still a prime requirement.

In an allied sphere the institutions have certainly been more prepared to devise and support schemes to help small businesses, following criticisms in the interim report by the Wilson Committee investigation into the City, which has been concerned at the dominant position held by pension funds and life assurance companies in the investment market.

Equally, having satisfied themselves of the underlying strength of the nursery unit market despite the obvious risks of company failures, developers have shown themselves more ready to build nursery units.

Rental levels have been good. In prime locations to the West of London, rents of approaching £4 a sq ft have been achieved. For a small business operating out of a nursery unit, rent makes up only a small proportion of total capital and cashflow outlay and rental levels have not proved prohibitive.

Whether this will remain the case during the present recession is debatable but it would seem likely that the nursery unit market will face increased pressure in the coming months if, as expected, the number of business failures begins to rise.

Greater risk

If an institution or developer is to accept the burden of estate management of nursery units and the absence of a blue-chip covenant, this generally calls for a higher investment yield.

A premium of at least two points over conventional industrial property market yields is indicated, which would suggest an initial return of around eight per cent or more for the best located quality units. Even higher yields may now be sought, given the greater risk of company failure during recession.

One mildly disappointing aspect is that so far as new development is concerned there appears to have been much greater activity on new industrial estates—where nursery units are thought to enhance the factory mix—than in the city centres where small factory development is thought to be most needed.

For the moment the nursery unit market is enjoying a good run and the increased involvement of developers and institutions is encouraging. If demand for space is maintained then rents can be expected to enjoy further growth while, for the time being at least, the institutions appear to have overcome their initial objections to problems of covenant.

A.T.


A 44,000 sq ft distribution centre for Schweppes on the Brooklands Industrial Park at Weybridge, Surrey. The depot was built by Oyster Lane Properties and let by Fuller Peiser, chartered surveyors

Inner city regeneration is Government's key policy

Terry Kirk

Liverpool's docklands are ripe for redevelopment

THE NEED to aid and encourage industrial regeneration—particularly in the declining inner city areas—is now firmly established as a key element of Government policy.

Although present Government policy on industrial regeneration is not confined to the inner cities — the impact of steel closures in Corby for example has prompted Government intervention—it is the problem of encouraging redevelopment in the inner city areas which, over the past decade, has dominated arguments over the scale and nature of industrial regeneration.

In part, this appears to be a consequence of the undoubted success of the new towns in attracting industrial development. This success has been seen by some, particularly those concerned with industrial decline in the older manufacturing conurbations like Liverpool surrounded by satellite new towns, to have contributed to the pace of inner city decay.

It was Mr. Peter Shore, Environment Secretary in the previous Labour Government, who developed and extended the role of central government in the attempt to stem inner city decline.

Two bodies

Mr. Michael Heseltine, the present Government's Environment Secretary, has reviewed the workings of the inner city policy, particularly the partnership areas set up by Mr. Shore, and in consequence plans to set up two bodies with powers similar to the new town corporations in the dockland areas of London and Merseyside.

The review and subsequent decision to streamline the existing partnership machinery in Birmingham, Manchester and Salford, Newcastle and Gateshead, Hackney and Islington and in Lambeth, together with proposals contained in the recently published Local Government, Land and Planning Bill to set up urban development corporations in London and Liverpool docklands, was prompted by growing concern about the pace of industrial regeneration in the inner cities.

The seven partnership areas—involving both central and local government—were at the centre of the Labour Government's attempt to come to grips with the problems, both social and economic, caused by the relatively rapid de-industrialisation of the inner city areas. Mr Shore dubbed the policy an attempt to "reverse the engines of exodus." By the end of 1978 the partnership areas had completed the drawing-up of three year programmes which concentrated on attracting industry and commerce back into the areas with the aid of central and local government grants and loans.

One of the main criticisms of the partnership arrangements however was that the structure was too unweildy and because of its bureaucratic nature, effectively excluded potential private investors from involvement.

Involving the private sector in industrial regeneration has increasingly been seen as the key to the success or failure of inner city policy with State intervention acting, through the provision of infrastructure, transport links and advance factory units, as the catalyst. This thinking has been further reinforced by the present Government.

The other main criticism of existing inner city policy — voiced mainly by the local authorities has been that it is underfunded. From its conception, special funds for the inner cities have been seen as an adjunct to regional aid and to the "bending" of main spending programmes in favour of the inner city areas. This process was primarily achieved under Labour through the Government's rate support grant to local authorities — favouring the urban areas at the expense of the shire counties. However, changes in the distribution of the grant by the present Government could eventually restrict funds and affect the pace of inner city redevelopment.

Additional funds for the inner cities have come primarily from two sources, urban aid grants and the "enhanced" provisions of the 1979 Inner Urban Areas Act.

Under the Act, special urban programme grants to the partnership areas and 15 "programme areas" have been made on a three year rolling programme. In the current financial year the seven partnership areas were to have received £73.6m at November 1978 prices in urban programme grants while London's docklands were allocated an additional £70m package of loans grants and guarantee monies last February as compensation for the Government's decision not to back the Trammell Crow trade market complex plan for Surrey Docks.

It was on these figures that the present Government imposed a £7m cut in the June Budget. For 1980/81 the Government has decided to limit funds but maintain the level of funding in real terms. Set against total planned local authority expenditure of over £13bn in 1980/81 the special funds for the inner city areas are of only marginal significance.

However, the Act also gives additional powers to the partnership and other designated areas. Areas designated under the Act can provide commercial loans for land purchase, construction and modernisation of buildings and loans for the installation of services up to 90 per cent of the value of land and buildings where other sources of finance are not available.

Where local authorities have designated industrial improvement areas the Act permits them to give grants and loans for environmental improvement or to convert buildings to provide new jobs.

Disturbing

However, one of the more disturbing features revealed in a survey report on employers in the inner cities published by the Department of the Environment last month was that 75 per cent of those interviewed were unable to name any of the grants available to aid investment. Significantly, the report also showed that lack of space for expansion and the unsuitability of premises are the main factors causing businesses to move out of inner city areas. The next most important factor, the report said, was traffic congestion.

Both are factors which have been recognised by partnership programmes in the inner city areas although there is controversy over the rate of progress made towards alleviating the problem. Mr. Heseltine's proposals for the two new bodies to oversee the redevelopment of the 8,000 acres of derelict dockland in London and on Merseyside, announced in September, have therefore not received overwhelming support from the local authorities involved in the areas.

No specific details of the powers or functions of the urban development corporations have been published by the Government, although Mr. Heseltine has said they will have wide ranging planning and development powers and will be run on a similar basis to new town authorities.

The redevelopment of London's 5,000 acre dockland area straddling five London boroughs has been under the control of the Docklands Joint Committee composed of members of the boroughs, the Greater London Council, the Port of London Authority and community representatives.

Proposals for the UDC were immediately rejected by the five boroughs which claimed that the proposals were based on "a false understanding of the achievements, potentialities and problems of docklands." A report published last month by the full joint committee claims that progress towards targets contained in the 1978-1983 Operation Programme has improved.

The report shows that a total of 5,043,930 sq ft of industrial and commercial floorspace is already built or programmed for completion by March 1983, and adds that much of the space has been let in advance of completion.

However, while the report says that the floorspace being provided is now approaching the targets set in the overall Strategic Plan, it also recognises that to some extent this is being achieved by the redevelopment of land which was already in industrial or commercial use, and therefore, for a number of other reasons, accepts that the rate of progress may slow. It concludes that in order to maintain progress and attract new private investment a major effort must be made to release more land and to remove the present uncertainty about major infrastructure schemes like the Southern Relief Road costing £39m and due to start in 1983.

Essential

The provision of infrastructure schemes are increasingly seen as essential to progress in docklands because to date the more notable successes of the partnership members in attracting new investment have centred on prime sites such as that taken up by the £50m the News International headquarters scheme in Wapping, due for completion next year.

On Merseyside, as in London's docklands, there is concern about the role of the UDC with the opposition led by the Conservative controlled Merseyside County Council.

Mr. Heseltine's announcement came only days after the council unveiled plans to take a 150-year lease on 300 acres of Liverpool dockland owned by the Mersey Docks and Harbour Company. The council intended to use a large slice of the South Docks site to ease the shortage of industrial sites on Merseyside—a shortage created by a demand for industrial space fuelled by central and local government grants. While completing details of the plans for taking over the South Docks, the council has unveiled a series of projects being considered for the site including a £500m scheme for a 139-storey office tower suggested by the architect Richard Seifert.

It is because of schemes like this, and a Taylor Woodrow plan for a £400m shopping, hotel and free port complex on a 119-acre site in London's Surrey Docks, that the local authorities feel justified in questioning the need for a new quango to oversee redevelopment.

However, despite the objections it appears likely that the Government will press ahead with its proposals in the hope that a new-town style organisation will win the confidence of investors in the docklands areas and thus speed up industrial regeneration.

The danger is perhaps that a further period of change and uncertainty—heightened by suggestions that the Government may set up "enterprise zones" in which regulations and public charges would be kept to a minimum — could have the opposite effect. For while the opportunities and incentives to site new industrial plant in the inner cities undoubtedly exist, it appears that the provision of expensive infrastructure and investment confidence lag behind.

Paul Taylor

INDUSTRIAL PROPERTY VI

New towns have eight weeks left to raise £120m from sales

THE GOVERNMENT'S decision to reduce State ownership of the country's assets and at the same time to raise money to offset public borrowing requirements by selling assets back to the public shows no sign of weakening.

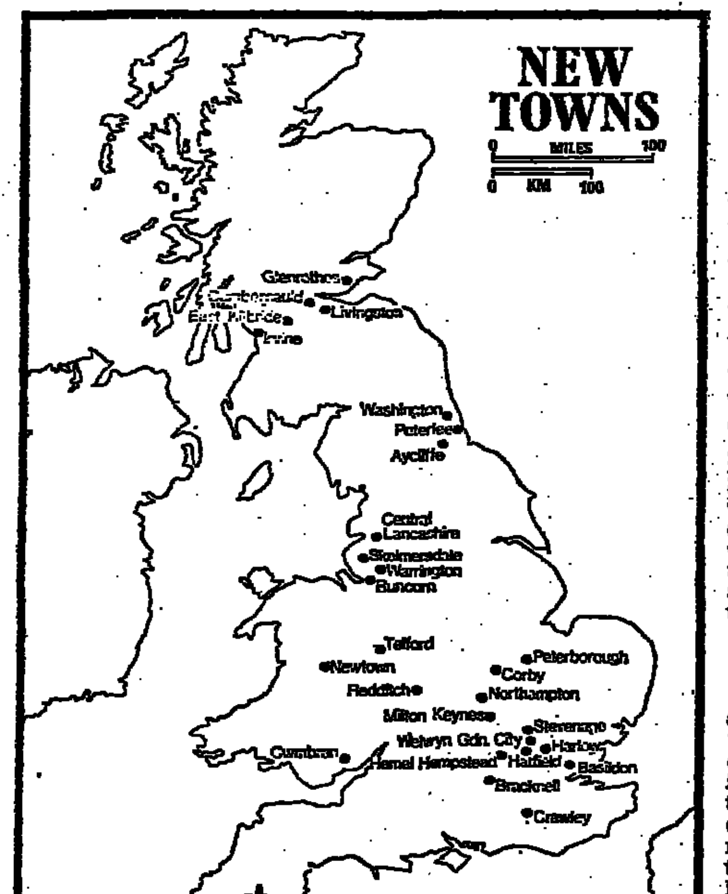
In the property sector the single most important element in this plan has been the instruction from Mr. Michael Heseltine, Environment Secretary, that the English new towns must raise £120m from the sale of property assets by the end of March. This figure, incidentally, was in addition to another £20m of sales enforced by reductions in grants to certain new towns under the previous Labour administration.

Already, despite the fact that the mammoth sale is proving longer to complete than the Government had hoped, further sales of State-owned property are now likely under similar fiats.

The Government's plan to sell off new town assets as they reach completion and letting is to spread to the five Scottish new towns—East Kilbride, Glenrothes, Livingston, Cumbernauld and Irvine. Towards the end of last year Mr. Heseltine asked the development corporations of the towns to prepare a list of properties which could be sold.

A sales target has already been arrived at—though the figure has not yet been released—but so far the Scottish towns, unlike their English counterparts, have not been given a deadline for the sales.

At about the same time, the Government also turned its attention to the English Industrial Estates Corporation, the state-backed group which specialises in building factories and warehouses in assisted areas and which has grown into the country's largest industrial developer.



Right to sell

For the first time, as part of the new Industry Bill, the EIEC has been given the right to sell buildings to the private sector. At this stage sales are likely to be modest—a matter of only a few million pounds over the next three, four or five years—and neither a sales target nor a deadline has been given.

Nevertheless, the EIEC is to be forcibly "encouraged" by Government to turn the right to sell into actual sales by pressure on the grants available to it for new building. No cut has yet been announced but the EIEC knows itself to be under threat if only as part of the national cost cutting exercise expected in the Budget and expenditure outline.

The EIEC has built up a portfolio of more than 30m square feet of industrial space in the assisted regions and in its last published accounts (for the year to March 31, 1978) it showed land and properties with a book value of £98m. The freeholds of the land are owned by the Crown but under the new Bill the EIEC will be free to sell freeholds.

The bulk of the sales are likely to be to sitting tenants if only because the EIEC has concentrated in recent years in smaller or nursery units which might not prove too attractive to institutional investors.

However, with the current trend among fund managers to be seen to be promoting new industry and particularly small businesses, several types of relationship between the funds and the EIEC are emerging. Apart from direct sales, the EIEC is also being encouraged to approach institutions for funding for its current and future development programmes. Already the Post Office Pension Fund and the EIEC have joined forces in one such pilot scheme aimed at the smallest workshop type building.

If this scheme proves successful—and it involves the pension fund in not just helping supply premises but also backing the enterprises housed in them—the idea could spread to other funds and institutions.

The fourth sector in which the Government sees opportunities to meet its dual ideals of reduced State ownership and reduced borrowings, is the nationalised industries and local authorities. Mr. Heseltine has included proposals in the Local Government and Planning Bill to establish a register of waste or unused land in a limited number of areas in the country, particularly in inner city and urban areas.

Once such a register was established, the Government could compel the owners of such underused land — mostly local authorities, public utilities and Government departments — to offer it for sale on the open market.

Several past administrations have sought to get a clear picture of how much land is lying idle in the hands of these public bodies but the difficulties of assessment are enormous and the estimates thrown up from time to time have the ring only of hope or despair. There is, for instance, a problem even of definition. The Gas Board owns considerable numbers of sites formerly needed for town gas supplies now apparently wasted in urban areas where warehousing space is at a premium.

However, as it points out, North Sea gas supplies are expected to last for only 20 years or so and the old gasometer sites might then come back into their own. If they were to be sold the problems of acquiring sites in the future would be enormous. Therefore, the Gas Board argues, the sites are not wasted; they are part of the board's strategic reserves.

Valuable tomorrow

Other bodies can argue on similar lines that waste land today could become valuable open space tomorrow and so forth. Nevertheless, it is clear that a register would identify certain sites which could be more effectively used and which the private sector would pay highly for.

Meanwhile, the sale of new town assets proceeds, but at a pace which indicates that the March deadline will not be met. To date the firms of estate agents appointed to handle the sales have only tied up about half the target amount of £120m.

Problems arose in the early days of the sales over the Government's desire that freeholds should be sold rather than leaseholds and that sitting tenants should be given first refusal wherever possible.

In the first place, it has proved virtually impossible to disentangle individual freeholds in, say, town centre developments containing joint car parks, amenities and facilities such as escalators.

In the second place, tenants have been less than swift to snap up freeholds at a time when interest rates have reached an alltime high and internal cash generation is being more than absorbed by the pressures of economic recession and inflation.

In addition, as market observers had pointed out from the start, certain towns were much more attractive to investors than others. Indeed, plans to sell property in Corby, where the main industry, steel, has just been closed, have been shelved altogether.

Other towns, such as Harlow, have had difficulty meeting their targets because of the high level of institutional involvement in schemes already leaving little unpledged property for open sale. Again this problem had been clearly visible from the start.

For all the problems, however, the target is likely to be met even if the deadline slips by several months. Between them the 21 new towns in England are estimated to have around £650m worth of completed and let properties at today's values. The sale of 15 to 20 per cent of this total should be relatively easy.

But there are clear signs that the Government sees this sum as only the first tranche in its sales programme. If, as is rumoured, the new towns are to be instructed to sell even more properties in the next financial year, there could be real headaches for the estate agents appointed to identify the buildings and complete the transactions.

By then, the plums could already have passed to the private sector. Certainly the biggest (and therefore, simplest) transactions, such as the sale of the Stevenage central area shopping scheme, will have gone. Thereafter there could be a deal of scratching about to meet targets.

And at that point the real problem will begin to surface. What will be done with the portfolios depleted of their major revenue earners and consisting substantially in communally owned or non-commercial facilities formerly subsidised by the prime buildings?

Although the corporations themselves have raised this question on several occasions since the assets sale was first leaked, no formal pronouncement has been made. Yet in going ahead with the sales of individual properties instead of authorising investigations into other forms of packaging the collective assets of the towns—as trusts for sale, for example—the Government has virtually created the problem of a residual and non-commercial portfolio which will still require management.

Christine Moir

Private developers expect an end to the building spurt

SINCE 1977 the pace of industrial building has been quickening. Throughout 1978, and to an even greater degree last year, construction orders have continued to peak nearly each quarter. The latest figures, for the three months to November last, were 6 per cent up on the summer quarter and a full 27 per cent on the corresponding period a year earlier.

In part, of course, the spurt in activity was needed to make up for the flat period from mid-1974 to the latter part of 1977, and it reflected the renewed optimism among industrialists staging their own recovery from recession.

Alas, the signs are now all too clear that the spurt is over. By the time the industrial construction order figures to November were published, there were overt pointers that orders this year will be significantly below those for last.

Most of the major industrial building groups, such as Slough Estates, have already indicated that they will be cutting back on their development programmes, although this must be seen in the context of rolling three- and four-year plans.

The smaller groups, too, will be pulling in their horns, but for many that is because they indulged in some over-building last year and must wait for the excess to be taken up before being in a position to fund more schemes.

It is often that estate agents publicly predict a downturn in any sector of the property market well in advance of its happening, but in this case most of the bigger firms of chartered surveyors have been signalling warnings for industrial construction since early last year.

A major study commissioned by Debenham Tewson and Chinnocks last March cast doubts over the economic viability of modern factory and warehouse estates outside the major areas of demand in the South East.

The firm used Nottingham as an example and showed that if building costs were only £10 a square foot, average rents in the area would need to rise by only 5 per cent to make commercial propositions of new development. But average building costs at that time were £11, needing a matching rise of 15 per cent in rents, and there were good reasons to predict that costs could rise to £12.50 this year at which level rents would have to jump by almost 30 per cent to make projects viable.

There is little sign of such a movement in rents outside the prime pockets round central London and its western approaches. Rental levels achieved there have frequently been in excess of £3 a square foot in recent months but elsewhere the £2 barrier is still firm and tenants will have every reason to fight hard against any increase at all in their rents.

So, with little expectation of rental increases and building costs on the rise, a number of industrial estates will need to be shelved.

It is at that point that the defensive strengths of industrial development become particularly apparent. The reason, despite a decade of turbulence in the economy, industrial rents have remained buoyant, is that there has rarely been a serious over-supply of new space.

Close timing

That, in turn, is because industrial developers are able to "turn off the tap" with virtually no lead time, unlike builders in the commercial sectors. Once the main services and infrastructure have been laid on an estate, construction of the individual units or groups of units can be timed very closely to demand.

It may mean that developers need to carry the funding costs for the land and infrastructure for lengthy periods, but the flexibility in starting and stopping the main building has proved the key to the health of the industry.

If the past is anything to go by, the recession in industrial development now dawning should also bring another paradoxical benefit: the escalation of building costs is likely to ease. As order books among the contractors slim down there is a tendency for companies to slash margins to keep their work forces together and carry out some kind of regular work.

This widely expected trend is unlikely to become apparent for some time, but if the recession deepens or sets in then it could be a feature of the market by the autumn. And that could make all the difference to marginal industrial developments planned for late this year or early next.

Meanwhile, although there should be a noticeable reduction in new factory and warehouse building this year, the signs do not so far indicate a shortfall of the order of 1975. As a result, supply and demand is expected to stay fairly well in balance.

Christine Moir

Outlook bright as rent rises continue

DESPITE THE depressing economic outlook there is, paradoxically, a continuing flow of inquiries for new industrial property. With few exceptions estate agents report a healthy level of business—a view endorsed by Slough Estates, the country's leading industrial property developer.

Nowhere is this situation better illustrated than in the traditional "golden area" of the South East. People are perhaps becoming a little bit more choosy when selecting a building and they may not be going ahead as quickly as usual but undoubtedly London and the Home Counties are not facing any real problems yet. But then again, there are few agents not showing some caution when predicting possible events over the year.

The reasons why the South East is more resilient to economic downturns than the rest of the country, are well enough known. It is a relatively wealthy area and is not burdened by some of the traditional heavy industries which are in decline in the Midlands and the North. It possesses communications both for the UK itself and for overseas markets which make it an ideal place for importing and exporting companies and central warehousing—a very strong part of the industrial market.

But if it sounds as though agents and industrialists in the South East are becoming complacent there are some signs that the market is beginning to enter a quieter phase. One worry must be an oversupply of industrial units—unlikely to happen in the "nursery" end but not out of the question for larger units.

The recently published Floorspace Survey by surveyors King and Co. shows that for the first time since December 1976 the total vacant floorspace for both warehousing and factories has risen. King's survey ignores the smaller units under 5,000 sq ft

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but it shows that for England and Wales vacant warehouse space had risen slightly from 21.09m sq ft in August to 21.25m sq ft last December. The increase in vacant factory space was more marked, with a gain of nearly 2½m sq ft to 32.56m sq ft.

In the geographical breakdown, London and the Home Counties bucked the trend in warehousing with a 3 per cent fall in unlet space to just over 8m sq ft. But unlet factory space was up by 7.3 per cent to 10.7m sq ft.

Building under construction is continuing to rise, with national figures showing an advance of 1.79m sq ft—nearly 1m sq ft of that in London and the Home Counties. Oversupply could become a reality in some areas in 1980.

Rents for modern factories and warehouses have increased during the past year at an unprecedented rate in most areas of the South East. For top quality industrial property in the "Western corridor" of London, taking in Staines and Heathrow, rental levels in the late summer of last year had comfortably breached the £3 a square foot mark. Now agents are talking of prime property where £3.50 a square foot, if not the norm, is certainly a well-established figure. For some sites there is an asking rent of £4 a square foot.

It is one thing to ask and another to get, however, and the time when the £4 level gets solidly breached looks a long way off. Rental levels in the South East appear to be showing signs of some steadying, but no signs of weakness.

Land values meantime go on rising. Agents Richard Ellis say that a case can be made for paying £300,000 an acre in the South East where rents of £3.50 a square foot can be obtained. But some buyers are driving up land prices to £400,000 an acre.

Admittedly when costing an industrial development, building time is much shorter than for offices or shops and the exposure to high interest rates for the developer is that much less. Nevertheless, if the steel strike upsets supply to the construction industry—even for a short time—some of the developers' sums could go awry.

Institutions have played their part in pushing up land prices. The old "weight of money" argument holds water and even given the relatively low yields for the investor in industrial property—around 6½ per cent—institutions are still willing to put their money in. Some agents report, however, that fund managers are being a little more relaxed in their property investment and if, under the direction of Mr. Michael Heseltine, Secretary for the Environment, local authorities and new towns start a series of disposals, land prices could be in for a period of stability in the south.

The cost of energy—whether for transport or heating and lighting—is becoming an increasing factor in industrial decisions. Transport costs and the introduction of the tachographs in lorries must cause a rethink of some of the current trends in distribution. The concept of the central warehouse to service the whole country will definitely come under attack. For the South East this is unlikely to spur any increased demand because of the considerable amount of warehouse space already available. Possibly it might have a counter-effect. Companies hitherto relying on a southern base may have to open up warehouses further north, thus reducing the need for expansion in the south.

Though generalisation can be made about the South East's resilience, the area is, of course, made up of many smaller localised markets. By far the prime area, as already mentioned, is the western corridor, but rental levels there are high.

In the centre of London industrial development is really confined to the East End. The Docklands area is a political animal and is covered in a separate article in this survey.

In the East End rental levels are around the £2.25 to £2.50 a square foot mark for good quality sites such as the Bow Industrial Park. Communications are one of the major problems. However, these are gradually improving and the Government and the GLC appear keen to improve road links further.

But one problem is that the area lacks a wide spectrum of housing. This is a serious obstacle, for most managers (who after all make the decision on where to locate) are unlikely to want to live in East London.

However, both Bernard Thorpe and Richard Ellis see the area showing steady if not spectacular growth, with many of the new sites being taken by expanding industries already situated in the east.

Heavy demand

Going further afield Essex boasts an expanding industrial base. Demand, like so much in the provinces, is very heavy for nursery units and estate agents Hary Rona say that these small units are like gold dust. Rents for 1,000 sq ft units are around the £2.50 mark. The agents also report a shortage of sites in the 70,000 to 100,000 sq ft region, but that is not surprising given the trends in building.

Industrial sites falling between these two extremes are a little harder to shift.

Moving around to Oxford, agents Buckell and Ballard say rents for smaller units in the 3,000 to 5,000 sq ft range are around the £2 to £2.50 a square foot mark—a rise of perhaps 70p during the year.

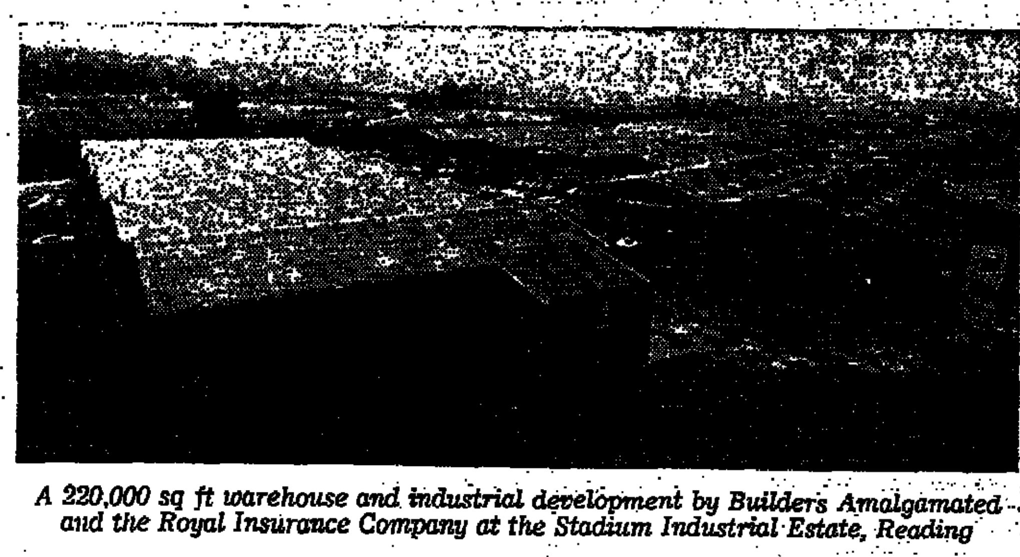
In the Guildford area agents Cubitt and West report that the level of inquiries is not what it was before Christmas but that the market is still fairly active. Rentals for smaller modern units, say about 3,000 sq ft, are in the £3 a square foot region and further south sites can be had for £2.50. One developer is asking £4 a square foot but rents like that have not been seen on many contracts in the Surrey/Sussex area.

Hall Pain and Foster in Southampton report a high level of demand which they cannot satisfy, especially for smaller sites. Rentals for 5,000 sq ft property are around the £2 to £2.25 area, compared with an average of £1.60 a year ago. Meanwhile rentals for larger sites are close to £2 a square foot.

Further along the coast Goadsby and Harding in Bournemouth also report surprisingly good levels of activity. Industry tends to be light in nature and rental levels for small 1,000 sq ft sites are up to £2.50 a square foot. In August last year rentals were about 30p cheaper per square foot.

So agents in the South East appear to be encountering few signs of the lower demand associated with recession. Possibly events will catch up with them but perhaps if industry has to make cutbacks the axe might fall less heavily in the South East than some of the other less fortunate regions.

Terry Garrett



A 220,000 sq ft warehouse and industrial development by Builders Amalgamated and the Royal Insurance Company at the Stadium Industrial Estate, Reading

Market's decline not so bad as expected

FEARS OF A decline in the West Midlands market have proved to be partially justified in the past few months, although demand for prime sites remains strong and the outlook for the rest of the year is better than many agents had expected.

Agents point out that many companies in the area are moving out of older premises because they are outdated or because of the need to expand. Whatever the market conditions, there is therefore a constant demand for property from this source.

But two significant signs of the times have emerged. The first is that companies are reluctant to take anything but well-located and modern premises in the present economic climate, and as a result older facilities on the fringes of Birmingham and the Midland industrial areas are proving hard to move.

The second point to emerge is that developers, faced with high interest rates, are themselves reluctant to take on "fringe" properties for redevelopment. In the past some of these have readily been acceptable to developers for breaking down into smaller, more viable units.

Although rents have been holding up recently, there is less chance now of a steady upward movement during the rest of the year and developers are therefore thinking twice about a number of schemes. A long period of high interest rates would make such projects far less attractive for them.

There has also been a marked fall in land prices in some areas, making entirely new developments look more attractive. Existing sites are often difficult to break up into convenient sizes because of problems of access and the provision of services.

From the developer's point of view, a great deal depends on timing, since there are obvious advantages in beginning a project when the market is depressed and making the space available when demand picks up. However, this is a gamble which depends on economic factors and caution is now prevailing.

The cost of development in the area is estimated to have increased by 15 to 20 per cent last year, and this was generally in line with increases in rents, but now the position is rather different. Effective interest rates of around 20 per cent, higher building costs and a question mark over rents are all good reasons for being wary.

Birmingham City Council is pressing ahead with a number of projects aimed at providing units of up to about 5,000 sq ft in prime areas, and it is this type of property which has remained attractive.

This effort is supported by the

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private sector, although land of this type is not always available. In the longer term there is expected to be consistent demand for this type of factory space as smaller companies are encouraged in the area.

Rents in the prime areas of Birmingham and the major centres in the area such as Coventry, Leicester, Nottingham and Northampton have stabilised at around £2 a square foot, although towards the end of last year prices of up to £2.25 were being paid in the Birmingham area.

More recently, prices in less acceptable locations have softened considerably, and agents are now facing the choice of having to advise their clients to hold out for a few months in the hope of an improvement in the market, or suggest they take what they can get.

Some developers and agents believe that the market will harden again before the end of the year, although others are less optimistic, particularly in view of the present industrial troubles which are psychologically bad for business.

The West Midlands County Council's industrial promotion office suggests that high interest rates are also deterring smaller companies from moving to new premises, due to the uncertainties over their liquidity and their business prospects.

However, it reports that demand for small units—under 100,000 sq ft—remains high in the Midlands, and although the County Council and city councils have in the past been the main providers of this type of accommodation, developers have recently become far more active at the smaller end of the market.

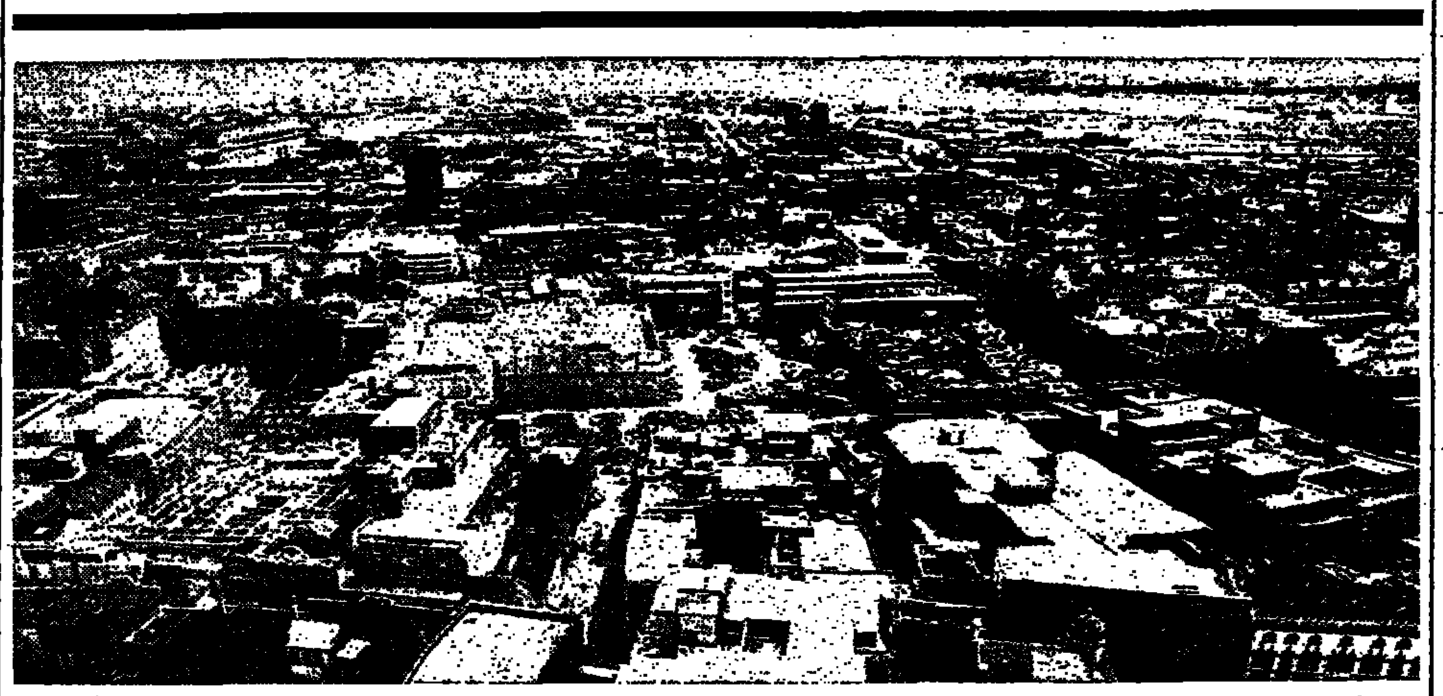
The county council, which compiles an industrial property register, points out that there is considerable development of this type of space in the Wolverhampton, Walsall and Dudley areas, and itself has six projects under way in the Birmingham inner city area.

Smaller companies which do not have established expertise in property and are in need of new premises have found that the wide range of choice available through the county council's industrial promotion officer can save considerable time and money.

The council, which has no vested interest in the property on its list, is able to advise impartially and normally refers companies to the agent handling the property concerned.

City councils in the area offer the same kind of service, but none has the geographic spread of the county council, nor can they offer advice on advantages and disadvantages throughout the region.

Lorne Barling



Redevelopment in central Cardiff. The Government is laying the groundwork to improve the climate for private investors Roger Taylor

Steel plant closures cast a shadow

THE WHOLE industrial property market in Wales is back in the melting pot. After two years of gathering buoyancy in both the public and private sectors, the market is bracing itself for the shocks which seem certain to be triggered by the crisis in the Welsh steel and coal industries.

If the British Steel Corporation carries out its intention of halving Welsh steel capacity with 11,300 redundancies at Port Talbot and Llanwern by August, the reverberations will be felt in every corner of the South Wales economy, and not least in the industrial property market.

Combined with a proposed switch to imported coking coal at the expense of mainly Welsh supplies, BSC's difficulties also threaten to result in the closure of up to 21 Welsh coalmines.

The effects which this would have on the many small contractors who depend on these two basic industries for much of their business is so far unclear. Economists are already predicting the overall loss of jobs in the region could be as high as 50,000. This, in turn, suggests, as far as the property market is concerned, an increased supply of vacant industrial premises of all shapes and sizes is going to come on to the market over the next 12 months.

But surprisingly, this grim outlook has so far had no noticeable effect on industrial property demand or the trend in rents. The dominant influence on the market in Wales, the Welsh Development Agency, is reporting no let up in inquiries from potential tenants. Despite a massive advance factory building programme over the past four years, during which time it will have spent a figure approaching £90m on industrial estates and advance factory units, the agency presently has only some 4,000 sq ft on its books for immediate letting.

Last year 69 new tenants took between them a total of 521,445 sq ft of WDA factory space at steadily rising rents which have now reached around the £1 a square foot mark. In prime locations such as Cardiff, the going rate has pushed to as high as £1.60 a sq ft. The private sector, too, mainly concerned with warehousing, has been experiencing excellent demand for available space in the main centre of industrial activity.

WALES

Of course, even before the present crisis broke, there was a question mark over how long this buoyancy could be maintained in the face of the gathering recession in the British and world economy and, more particularly, the cutback in regional development aid, announced by Sir Keith Joseph, Industry Secretary, last July.

WDA executives think that the effect of the regional aid cuts, which downgrade significant areas of Wales, has still to be felt. March and April are viewed as the most testing months. After that it will be impossible for new tenants to avoid a 5 per cent reduction to 15 per cent in regional grants on plant and machinery which takes effect on August 1. Equipment must already be in place before it qualifies for aid.

But, that said, they have been surprised, and delighted, at the lack of impact the cutback has had so far on the flow of inquiries from potential tenants. Clearly, the large sums of money the WDA has been spending on promoting Wales's considerable merits as an industrial relocation centre have been reaching the right audience.

In these circumstances, and without the new steel crisis, there would undoubtedly have been cautious optimism over industrial property market prospects in South Wales. Although the WDA is formally committed to building another 1.5m square feet over the next two to three years, the cutback in Government funding was suggesting that the programme would be spread out over a longer period. This, in turn, looked likely to aid rental returns and help fulfil the new Government's desire for the private sector to play a greater role in the Welsh industrial property scene.

The aim has been to achieve this involvement in two ways. One is through the WDA withdrawing from certain areas, such as Bridgend and other growth points along the M4 motorway, on the grounds that they are now sufficiently buoyant to attract private-sector investment for their future property needs.

Second has been the discussions with City investment institutions, with a view to their taking an important stake in the WDA's now considerable property portfolio. Public capital released in this way could then be used to further the WDA's activities without calling upon more public funds.

As it is, the uncertainty created by the steel crisis has evidently led to these discussions with the private sector being broken off until the situation clarifies.

This is understandable. The signs are that the publicly-funded estate and factory building role of the WDA will need to be reinforced at least in the short term, if South Wales is to have any chance of replacing the thousands of jobs which are due to disappear in the steel and coal industries.

This has already been done in North Wales. The impending shutdown of iron and steelmaking at Shotton with the loss of at least 6,500 jobs has triggered a special Government-funded £13m crash programme to prepare the Deeside Industrial Park, next to the steelworks, for new industry, and to build ½m sq ft of advance factory space at selected locations throughout the Shotton area.

But in the longer term, once the Government's immediate contribution towards offsetting the effects of the steel and coal closures has got into its stride, the factors which have attracted so much new industry to Wales during the past two to three years should reassert themselves. Indeed the region's basic infrastructure should be even better. If the Government has it way, there will be more scope than in the past for profitable investment by the private sector.

Robin Reeves

Vacant premises piling up

WITH THE industrial activity indicators pointing firmly downwards, but interest rates and the level of inflation remaining high, there can be little optimism in the industrial property market in Scotland. But it seems that the last months have at least brought a small flurry of activity before the period of hibernation sets in for the duration of the recession.

Now that the first flush of the oil boom has faded, Scotland has resumed its traditional role as a poor relation of the UK economy. The latest figures for industrial production, covering the first half of last year, show a slight recovery from the depressed period of last winter, when the haulage strike limited activity. But they also indicate how far Scotland is lagging.

Taking production in 1975 as equal to 100, the level in the second quarter of 1979 had risen to only 100.7, compared to 115.5 for the UK as a whole. For manufacturing industries alone, the figure was 102.5 for Scotland, against 108.1 for the UK.

The indications for this year are not good The Scottish division of the Confederation of British Industry produced its most gloomy trends survey for some years in October, with investment intentions weaker than at any time since 1975.

Confidence, already low at the time of the July survey, had weakened still further and, particularly worrying for the industrial property market, 34 per cent of firms expected to authorise less spending on buildings in the next 12 months than they had in the last, compared to only 13 per cent who expected to spend more. The main reasons given were the uncertainty about the future level of orders and the expectation that net return on any new investment would be inadequate to make it worthwhile.

The recession has already brought casualties. A number of major firms—and too many small businesses to tabulate—have pulled out leaving unoccupied buildings forlornly looking for new tenants. The Government is clearly concerned and has asked the Scottish Development Agency, which is responsible for public sector factory buildings in Scotland, to consider taking over at least two of them.

These are the former Goodyear tyre plant in Garscadden, Glasgow (464,500 sq ft of buildings on a 54-acre site), empty for nearly a year, and the Singer plant at Clydebank (more than a million square feet in six buildings on 86 acres), which will become vacant later this year. They would be in addition to the buildings already owned by the SDA, such as the former Prestcold factories (empty since the spring) and the Massey Ferguson factory at Kilmarnock.

SCOTLAND

Although strenuous efforts are being made, the chances of bringing a single large employer to occupy any of these sites is remote. Faviar Property, a Glasgow development firm, has put forward a proposal to develop the Goodyear site as a mixed retail/industrial and warehousing complex and has an option to buy, but the planning authority, Glasgow District Council, seems at the moment to want the site zoned for purely industrial use.

What the SDA could do is break these sites up into smaller units that might more readily find tenants. The Singer plant, particularly, would lend itself to this treatment and, like the Massey Ferguson plant has many facilities already installed which might appeal to engineering employers.

It would be an extension of the sort of policy being followed by the British Steel Corporation's job creation subsidiary, BSC (Industry) at redundant steelworks in Glasgow and Hamilton, Lanarkshire, where disused premises have been split into small units with considerable success.

For the property market, however, it means that there would be a large addition to the amount of small and medium sized accommodation available. There would be incentives in the form of help from the SDA and other Government agencies to induce companies to move into these units, but they would have, of course, maximum effect on the market in the industrial west of Scotland.

The SDA has some 2.8m sq ft of factory space available in 150 advance factories either now under construction or recently completed, and second-hand buildings ready for reallocation. Although this represents something like 12 per cent of the agency's total factory space and seems to be further evidence of the depressed state of the market, Mr. George McPherson, head of factory policy, points out that a year ago the agency had 3.6m sq. ft. on its books.

"Up until a year ago there were very few inquiries for factories over 10,000 sq. ft., although demand was substantial for smaller units in all areas except the most remote. But recently there has been a considerable rise in the inquiries for larger factories," he comments.

The new towns and the private sector also have a lot of space available. Demand has been steady over the last year, but hardly thrusting ahead. Industrial firms seem to be working through their existing investment programmes before the coming period of austerity. Rents have risen, but in response to the increase in building costs rather than from competition for space. Industrial units are now fetching around £1.80 a sq. ft. in the Edinburgh area, £1.60 in Glasgow and £2 in Aberdeen.

The excess of supply over demand seems likely to increase as the year goes on and firms that do want new premises will be able to choose their locations from a wide range. Sites with good communications and services will therefore be at an advantage, although tenants will also have an eye to the new pattern of regional development areas.

Ray Perman

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INDUSTRIAL PROPERTY IX

Smaller sites remain in big demand

INDUSTRIAL RENTS have moved ahead sharply in many areas of the north west over the past 18 months and, despite the recent rash of gloomy economic forecasts, there is no immediate sign of demand flagging for top quality space.

Rents for the very best properties are expected to continue to move ahead in the present year—albeit at a slower pace than in 1979—and inquiries for new space have remained surprisingly good despite record interest rates.

Although major, headline-grabbing closures in Preston, Skelmersdale and Merseyside have left the region with the difficult problem of leasing very large industrial premises, demand for smaller units, particularly of 5,000 sq ft, continues to be high, and while rents average £1.50 a square foot for new industrial and warehouse developments, the figure has risen to £1.85-£2 in prime locations, notably south and central Manchester.

Estate agents report that the market in existing buildings has remained stable. Vacant mill premises is a continuing problem for the region, with rents as low as 10p a square foot in places. But the major improvements in communications have had a considerable effect in maintaining the overall confidence in the region's property market, a point reflected in a recent survey of the top 3,000 companies in Britain which showed that 42 per cent specified that easy access to the motorway network was a necessity.

In many areas, the availability of suitable property is still favourable, reflecting development decisions taken some time ago. A survey by Edward Rushton Son and Kenyon revealed a marked upsurge in industrial development in the North West, with Merseyside showing the greatest per-

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centage increase of the four counties surveyed, Merseyside, Greater Manchester, Lancashire and Cheshire. In December, the total of new units available had risen to 2.49m sq ft from 1.05m sq ft in June.

Despite the expected short-term effect of increased interest rates and the announcement of cuts in Government assistance in parts of the region, optimism is widespread. The North West Industrial Development Association, however, expects a more cautious approach in the coming year as a result of the changes in financial assistance. "It may not cause problems," said the association's director, Mr. Clifford Chapman, "but it could be a deterrent."

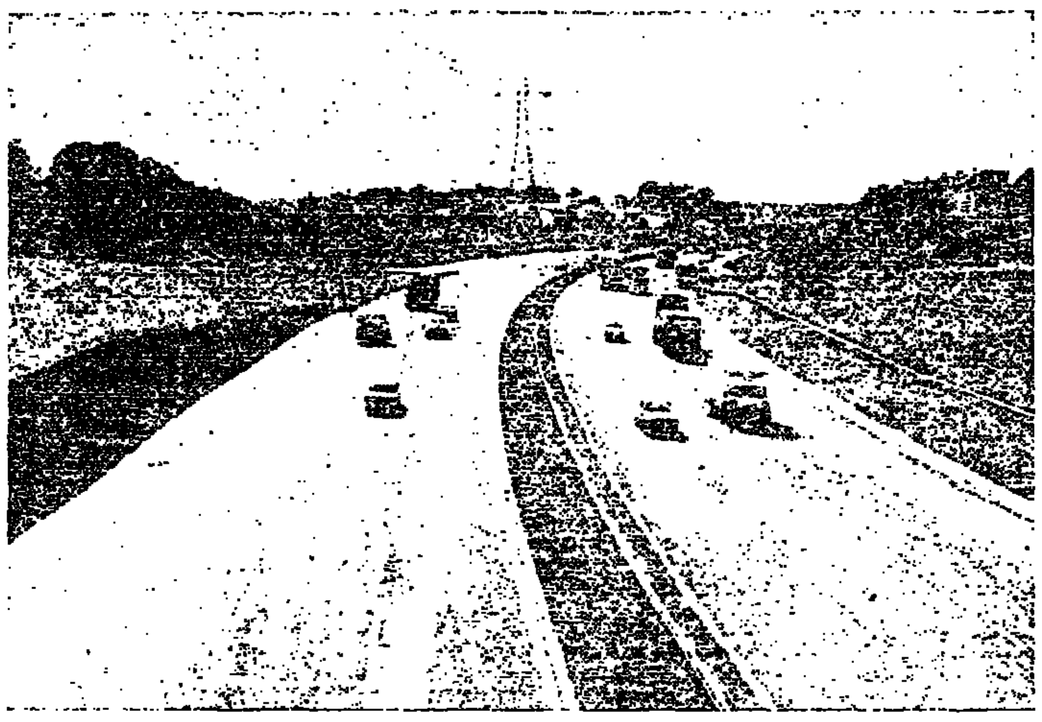
However, despite the general optimism in the north west it would seem likely that rents for less than prime properties in less favoured areas will face increased pressure in the coming months. Problems may also occur in areas where there has recently been a strong new building programme which may lead to supply exceeding demand in the short term.

Significant projects for the market in the coming year will be the major new technology premises now under construction on the Wirral for GEC-Fairchild; the Government's proposals for an urban development corporation to assist Merseyside in the re-development of its extensive dockland: and the vitality of the new Greater Manchester Development Corporation which last month acquired 77 acres of prime industrial land in Stockport in a £1m deal with Christian Salvesen.

Mr. Les Boardman general manager of the Greater Manchester Development Corporation says: "In the Greater Manchester area the interest being shown in industrial property is extremely encouraging. We have had discussions with both developers and investors and I doubt that we will have difficulty in finding sufficient finance to develop the Stockport site.

In Manchester there is a number of new developments under way and demand is good. Typical is a 220,000 sq ft site near the city centre, the Piccadilly Trading Estate, managed by Peter Charlton and Co., which has 84,000 sq ft of the first stage of 100,000 let. The city council has completed and let six schemes in its nursery unit development programme in the past two years.

Fifty-five factories are under construction in Liverpool, offering 250,000 sq ft, all expected to be pre-let. The availability of suitable sites is likely to be significant and negotiations are underway between the city council and National Carriers for a 21 acre site at the Huskisson Dock. Mr. David Mowat of the Liverpool Development Agency said: "What we find most encouraging is that where there was a lack of confidence in speculative building in this area, it is now no longer apparent."



The M62 at Manchester. The area has 270 miles of motorway and in a recent survey 42 per cent of Britain's top 3,000 companies said easy access to the motorway network was essential for business

Of the region's four new towns, Warrington has been the most thrusting, with a major construction programme which will extend into the 80s. New property there is almost fully let. In Cheshire, confidence has been shaken by British Steel's plans to close Shotton. But United Peripherals' arrival at Crewe Gates Farm estate and the GEC-Fairchild microchip plant at Neston are proving to be strong incentives for related industries. Fifty-seven acres are available at Ellesmere Port, nine adjacent to GEC-Fairchild. Mr. Ian Lawrence of the county council said: "Apart from a few areas like Widnes where environmental problems tend to depress rents, the private sector seems quite happy to invest, provided site development isn't too difficult. We have developers on our books now looking for sites."

The general regional trends are also evident in Lancashire, where demand for units has been steady. Closures at Preston will further exacerbate the difficulty of letting large existing premises.

Manchester Development Consultants Bernard Thorpe and Partners say that Government fiscal policy is certain to affect proposed developments where finance has not already been negotiated. But they add: "Since 1973 most developers have de-geared their company borrowings and for many, high interest rates are a fact of life with which they have learned to live."

Undoubtedly there remains strong development interest in many areas of the north west, but how many of the proposed schemes can expect to see the light of day will depend upon how deeply the recession will bite into demand for space. In this respect the area is no different from any other part of the country.

Marion Bowman

Resurgence expected to last all year

AFTER SEVERAL rather gloomy years, 1979 brought a resurgence of the industrial property market in the North East. Demand for factories, offices, warehouses and shops all showed a welcome upturn which observers believe will be sustained for at least the rest of this year.

Leaving aside the ever-present worries of the North East about the general state of the economy—it's said when Britain catches a cold the North East gets pneumonia—there's concern about the areas which will lose their development status. Tyne and Wear keeps its special development status, but most of County Durham is being downgraded under the re-organisation announced last year.

The over-riding mood in the property market is, however, one of general optimism. Rents in the area have been traditionally somewhat lower than many other areas of the country, but 1980 looks as if it will be the year when the best city centre sites break the £5 a sq ft barrier.

Recent months have also seen a number of properties that seemed to have been well and truely glued to estate agents' books moving off the market. After four years, Northgate House, in Darlington, has found its first tenants. Two financial companies have recently moved in and considerable interest is being shown by other prospective occupiers.

Rents greatly in excess of £3 a sq ft are still, however, relatively uncommon. Plenty of factory and office space is still available at between £1.20 and £2.75 a sq ft, and if one is not at all choosy, Tim Catterall, a partner in Sanderson Townend and Gilbert, the region's biggest estate agent, has heard of an old British Steel Corporation property, which might go for as little as 10p a sq ft.

Freehold prices vary considerably more than rents, but as a very rough guide one can expect to pay £30,000 to £35,000 an acre for a reasonable site in Middlesbrough, somewhat more on Tyneside but as little as £15,000 an acre in Hartlepool.

Generally speaking, development land, office space, and warehousing is at far more of a premium than factories. Closures in the textile and garment industries, and to a lesser extent in engineering and general manufacturing, have released a considerable number of factories on to the market.

At the bottom end, the premises can be so old and run down that they are only likely to be attractive to the smallest firm where cost is the most imporant criterion. Some of the textile plants closed by Courtaulds, Patons and Baldwins and Monsanto, are however well maintained modern factories that could be easily converted for almost any light industrial purpose.

Conversion of existing textile factories was the route chosen by Carreras Rothman when it decided to open two cigarette factories. The first occupies 500,000 sq ft of the former Patons factory in Darlington, and the second, which is currently being run up into production, was a 345,000 sq ft Courtaulds factory at Spennymoor.

The closure of British Shipbuilders' Haverton Hill yard, released what may be the last prime riverside site on the Tees for industrial development. A few small firms have already moved on to the site, which boasts a half mile river frontage, but British Shipbuilders is really looking for a large-scale venture which would benefit from the natural advantages of the site.

NORTH EAST

The axing of iron and steel making by BSC has provided a number of large sites in Hartlepool, where the Steel Corporation's job finding agency, BSC (Industry), is prepared to offer terms that can only be matched by other steel closure areas.

Large areas of the old works site have already been cleared, but the more suitable buildings and offices have been retained by BSC (Industry), which has split some of the larger buildings up into nursery units suitable for small firms.

BSC (Industry) has also moved into Consett, where the steelworks, which is the town's main employer, is due to close with the loss of nearly 4,000 jobs later this year.

One of the largest influences on the industrial property market in the area is the Government-owned English Industrial Estates Corporation, which has been building advance factories in the region for more than 40 years. The corporation, which completed its 1,000th factory a couple of years ago, still very much concentrates on the North East—possibly keeping down rent levels and dissuading private developers in the process—although it now operates in other assisted areas.

Development corporations are also a big factor, with new towns at varying stages of completion at Washington, Peterlee and Newton Aycliffe.

A shortage of land is a problem in one or two areas, but the chronic unemployment of the region can be usually counted upon to persuade planners to release new areas for development before there are too many difficulties. Generalisations conceal wide disparities. Considerable acreages of building land are available in some of the less accessible and attractive areas, while both tend to be at a premium in most areas of Teesside, parts of Tyneside and other desirable locations such as Durham City and Darlington.

One section of the market that has been particularly dynamic in the North East is that for good out of town sites for superstores. Planning applications are in the pipeline or buildings are already under construction in almost every area of the region.

Jim Mulrenan

Cheap rents foster demand

GOVERNMENT-OWNED factories can be leased in Northern Ireland for rents lower than those in any other UK region. Currently ranging from between 20p a square foot to 35p, rentals will be nearly doubled in the next financial year but will still compete well with those elsewhere.

Private developers have virtually no role in the Northern Ireland industrial property market save for the provision of warehousing, in which they are active in meeting a very lively demand. Almost every factory built in the last 20 years has either been erected and leased by the provincial Department of Commerce or built, with Government aid, by the operator on a plot drawn from the DoC's industrial land bank.

The major role of the State in the market is seen in the DoC's ownership, or promotion, of about 75 per cent of all Ulster factories, compared with only about 1 per cent owned in England by the roughly comparable State body, the EIEC. The remaining quarter of all factories are older properties, mainly textile mills, built in earlier, non-intervention, years.

About half the department's landholdings throughout the province have now been developed. The remaining 2,800 acres offer a wide variety of sites, about half of which are ready for immediate development in having mains services and access roads already laid, while the rest is virgin land. Some of the latter, totalling over 500 acres, is now to be sold as part of the Government's policy of realising unused public assets.

There are to be no cutbacks in its advance factory scheme in Ulster, however. Apart from small workshop units, the DoC owns about 450 factories totalling some 20.45m square feet. In the past, it has liked to keep about 40 unoccupied and available "off the shelf" ready for immediate occupation by any incoming tenants. However, a cutback in advance factory building over the past two years coincided with a marked surge in new investors as a result of which the current stock of ready-for-use factories has fallen to fewer than 20—"dangerously low" according to a senior DoC official.

Despite recessionary trends in Britain, Ulster's advance factory programme is to be expanded in 1980/81. Already agreed at £15m, it will include £3m to provide 11 factories for stock, with the other £12m earmarked for specific projects which are already, or are about to be, agreed, and for expansion of existing firms. The programme is likely to be increased by another £5m for other projects now under negotiation. Meanwhile, the 11 speculative factories will partially restore the wide choice of sizes and locations which the DoC's industrial promoters like to offer.

NORTHERN IRELAND

Factory building costs in Ulster vary from about £14.90 a square foot for factories of up to about 10,000 square feet to about £18.70 a square foot for larger units needing their own boilerhouses. These figures have been held down well in comparison with earlier years by reducing the previously lavish office production space ratio and by simplifying design. With Ulster's gas industry now about to be closed and with its total dependence upon ever more costly oil, very high insulation standards are now being incorporated in all new factories while bunkerage for possible coal-firing is also to become standard.

The Province has useful experience in the provision of small workshop factories, or nursery units. Since 1973 the Local Enterprise Development Unit has built about 80 such factories in rural villages and towns to house client companies employing up to 50 people. Meanwhile, the regeneration of Belfast's ravaged inner areas is being helped by the provision of 1,000 square feet "neighbourhood business units." The first 24 BUNs, as they are called, are grouped in two complexes around common courtyards and were originally intended for service firms.

New manufacturing enterprises, however, employing almost 200 people, are the predominant early tenants and two further BUN complexes are to be built in inner Belfast during the next financial year. With the emphasis placed upon keeping out both bombers and vandals—the latter no less a requirement for similar units in British cities too—police representatives are involved in the project design.

Demand for modern warehousing in Northern Ireland is "very buoyant" according to one of Ulster's biggest estate agencies, Osborne, King and Megran, and there has been no sign of the recent slump in warehousing investment reported from Britain. The demand for security, coupled with road improvements, has led to numerous warehousing developments in peripheral towns around Belfast rather than the city itself. One 90,000 sq. ft. warehousing estate just completed at Whitehouse, on Belfast's northern edge, was fully let within weeks while there are advance reservations for similar estates at Carrickfergus and Mallusk which are not even built.

Belfast's forthcoming Lagan Bridge scheme, for completion in 1984, together with the new M1-M2 link through the city, and other dockland-access improvements, will result in the demolition of a substantial proportion of the city's older warehousing and will keep demand high for some years, developers believe. Rents are still generally lower than in Britain, having now reached £1.40-£1.50 a square foot for modern warehouses.

Several redundant linen mills, in Belfast and other Ulster towns, have been converted into warehouses, some of their shortcomings, such as pillars, being offset by the good security they offer (against both the bomber and the young vandal) with their intimidatingly high, Victorian brick walls. Though rents for this kind of storage have generally been low, and are now about 65p a square foot, all such mills have now either been converted, demolished or condemned and low-cost city warehousing is now virtually impossible to obtain.

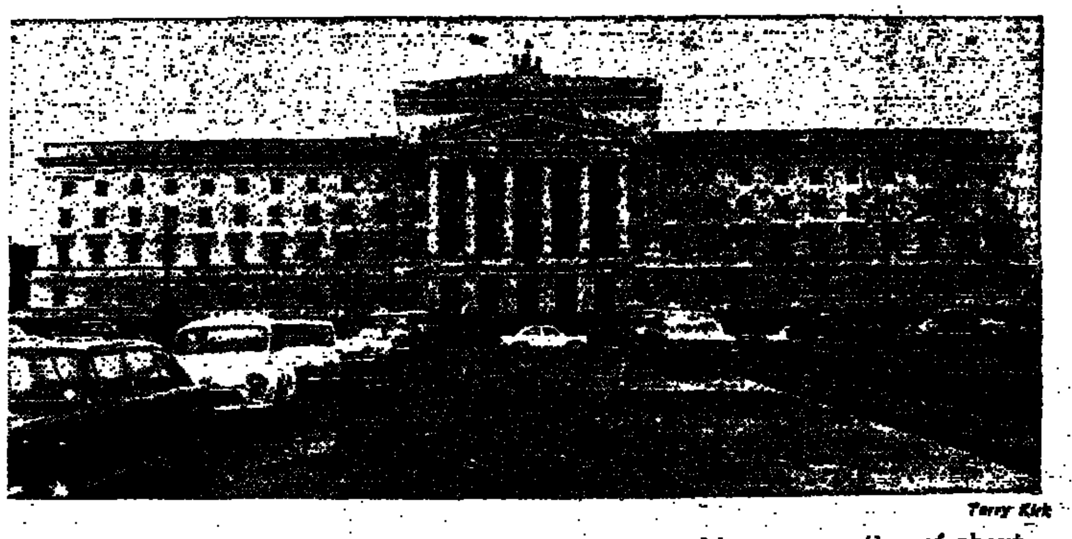
Robert Rodwell

NATIONAL INDUSTRIAL RENT TABLE

Area	Prime rent £ per sq. ft.	Secondary rent £ per sq. ft.	Area	Prime rent £ per sq. ft.	Secondary rent £ per sq. ft.
Aberdeen	1.75-2.25	0.50-1.00	Gloucester	1.40-1.50	—
Birmingham	1.65	1.20	Leeds	1.15-1.65	0.75-1.00
Bournemouth	1.50-1.65	0.90-1.20	Liverpool	1.35	up to 1.00
Bristol	1.60-1.70	1.20	London GLC	2.50-3.75	2.50
Cambridge	1.20-1.30	—	Home Counties	2.50-3.00	2.00
Cardiff	1.20	0.90	Manchester	1.45-1.70	0.75-1.10
Cheltenham	1.50	1.00-1.25	Newcastle	1.10-1.75	0.50-1.00
Coventry	1.50-1.60	1.20	N.W. Lancashire	1.35 aver.	up to 1.00
E. Midlands	1.50	1.20	Sheffield	1.45-1.65	About 1.00
E. Surrey	2.25	1.75-2.00	Tunbridge Wells	up to 1.80	1.25-1.40
Edinburgh	1.50-1.80	0.50-1.00	Worcester	1.25	1.00
Glasgow	1.40-1.60	0.90-1.10	York	1.25-1.35	0.75-1.10

Source: Bernard Thorpe and Partners.

Over the past 12 months, industrial rents, particularly for warehousing and light, high-technology engineering space have moved ahead sharply, with the greatest advances in the South-East



Terry Kirk

The Stormont administration is involved in the ownership or promotion of about 75 per cent of the province's factories

Land prices begin to level off

LIKE OTHER areas of property in Ireland, the industrial sector is starting to feel the effects of the slowdown of the country's economy in general, and the tight credit squeeze in particular. Both rental and buying prices are now expected to level off after some steep rises and there could be a switch from purchasing to renting.

Until the last quarter of 1979 industrial property had seen rapid expansion throughout the 1970s from an initially tight supply situation. The economy had run into some recession in 1973-74 but had recovered by 1977. Growth of Gross National Product (GNP) in that year was 7 per cent; in 1978 it was 6.5 per cent. Industrialisation during this period proceeded apace.

A lot of new manufacturing industry comes into Ireland under the auspices of the Industrial Development Authority (IDA), a state concern. The IDA can offer grants of 50 per cent of the cost of plant in the west and 40 per cent in the east. It can also assist with factory rentals and recently it has been purchasing sites to develop itself. For example, it has bought 500 acres of land for development in the inner suburbs of Dublin.

Private sector and IDA spending together probably meant that some Irish £500m per year was being invested in fixed assets during the second half of the 1970s. Financial institutions including the main banks and insurance companies — once chary of industrial property as an investment—also began to back developers.

More builders have become interested in industrial projects. In the early 1970s there were five large and well-recognised industrial property developers. Now there are at least 12.

This expansion has meant that factories of various sizes are now usually available on demand. They usually range from around 4,000 sq ft to around 20,000 sq ft. The biggest demand is for factories in the 5,000 sq ft to 10,000 sq ft bracket. As most new manufacturing projects are light industry there is not a great deal of demand for factories at the top end of the scale, although there are some units available which go up to 40,000 sq ft.

REPUBLIC OF IRELAND

Late last year the developers would have had to pay around Irish £70,000 an acre for a site near a main town or on occasions closer to Irish £100,000 an acre for a prime site near Dublin's centre. These prices would very roughly represent an average increase of over 10 per cent a year for the past 10 years. Rentals have increased roughly by 15 per cent a year since 1973, when factory space in good areas cost around Irish £1.10 per sq ft.

Today the going rate is between £2 to £2.25 per sq ft, depending on the finished condition. This is basically a "shell factory" of around 4,000 to 5,000 sq ft range. The cost would be about ten times the nominal rental value, say Irish £20,000. According to a spokesman at Jones Lang Wootton prices should now level off.

The central bank has ruled that credit should not expand by more than 18 per cent, and although productive investment projects are receiving priority, there has nevertheless been some curb on lending for industrial property. Against this the IDA is committed to an investment programme of Irish £1.8bn over the five-year period which began in 1979. So no matter how badly the economy fares the market should not dry up altogether.

The likelihood is that rental prices will stabilise around Irish £2 per sq ft and there will be a switch from purchasing to renting. This is mainly because building costs are escalating rapidly under the impact of the country's double figure inflation rate. Even with high interest rates renting becomes preferable.

Stewart Dalby

Nationalised sector seeks fairer deal

BY ANATOLE KALETSKY

MANY SPECIAL interest groups will be crowding into No. 11 Downing Street between now and next month's Budget in the hope of winning concessions, or at least forestalling attacks from the Treasury, in the latest round of public spending cuts. Few of these lobbyists will have cases to put to the Chancellor which are as important to British industry (or as interesting in their economic and political ramifications) as the arguments being presented by the nationalised industries in defence of their borrowing limits.

Alarmed by an extraordinary speech by Mr. Adam Butler, a Minister of State for Industry, which seemed to suggest that the state corporations' borrowings were a burden on the taxpayer equivalent to sixpence on the standard rate of tax, nationalised industry chairmen have injected a new note of urgency into a campaign which they have been conducting since the general election. The aim of the campaign is to persuade the Government to act on the promises of its predecessor, and establish a consistent and rational framework for the control of nationalised industries.

The nationalised industries' immediate goal in the meetings which their chairmen will be having with the Treasury during the next few weeks, will be to avoid any cuts in the £1.828bn cash limit on their external financing which was set in November and which appears to have been the target of Mr. Butler's remarks.

But the arguments which the Nationalised Industries' Chairmen's Group (NICG) will be trying to put across to the Government are themselves more important than the precise level of the cash limits set for next year, which the Chancellor has hinted will be maintained. The Government's response to some of the broader points in these discussions could affect not only the relationship between Government and public enterprise, but also the ideas about public spending which are the centrepiece of economic policy at present and the future of some of Britain's most important industrial sectors.

If they succeed in extracting a clear commitment from the Government to put into practice its rhetoric about disentangling politics from nationalised industry management, the state corporations could find themselves at a turning point in their troubled history. For 13 years, since the 1967 White Paper, the performance of the nationalised industries has been dominated by crises, costly indecision on investment, management reshuffles and, at times, enormous financial losses. Inconsistencies and U-turns in government policies must bear a significant share of the blame for these failures—although management mistakes, economic upheavals and labour troubles have been even more important.

Revival

During the past three years, however, there has been a remarkable revival in several of the industries' fortunes. Against the background of a relatively stable and amicable relationship with the last Government, the Post Office, the Gas Corporation and the electricity industry began to take advantage of the opportunities presented by their rapidly changing markets. And during the coming decade it is probable that coal, nuclear energy and perhaps even public transport will join telecommunications and gas in the list of Britain's most important growth industries.

These industries will continue to require grandiose investment programmes and extremely long-range planning—the nationalised industries now account for 20 per cent of Britain's fixed investment. The vital question is whether the present financial framework, coupled with the Government's preoccupation with short-term cash control and with limiting public borrowing, will allow the right investment and planning decisions to be made.

NATIONALISED INDUSTRIES' FINANCIAL TARGETS

	TARGET	PERIOD
British Airways	6 per cent on CCA* assets, before interest	3 years to 1981/82
British Gas	6.5 per cent on turnover, after interest and CCA depreciation	1979/80
	9 per cent on CCA assets, before interest	*2 years to 1982/83*
British Railways	Break-even, after interest, grants and depreciation (basis not specified)	Long-term
Sealink	5 per cent on CCA assets, before interest	By 1982
British Steel	Break-even, after interest and historic depreciation	1980/81
Electricity Council	10 per cent on historic assets, before interest, after depreciation (historic cost plus 40 per cent);	1979/80
	1.8 per cent on CCA assets, before interest	3 years to 1982/83
National Bus Company	Break-even, after interest, grants and depreciation (basis not specified)	Long-term
National Coal Board	Break-even, after interest, grants and depreciation (basis not specified)	Long-term
Posts	2 per cent on turnover, after interest and CCA depreciation	3 years to 1981/82
Telecommunications	*5 per cent on CCA assets, before interest*	*3 years to 1981/82*

* CCA is Current Cost Accounting

In theory, the main financial objectives of the nationalised industries are supposed to be the financial targets set by the Government for each industry separately, "in accordance with their own particular circumstances." The 1978 White Paper on Nationalised Industries, on which the thinking of both the Government and the corporations is based, promised that targets would be set for all the industries "as soon as possible," and that they would cover periods of three to five years.

Two years later, most of the industries nominally have targets. But in a number of important cases, including British Railways and the Coal Board, they are of limited relevance because attainment of the objective—to break even after government grants, depreciation and interest—depends crucially on the level of government grants, which has varied unpredictably in the past two years.

But the nationalised industries' main complaint is not that their financial targets are unreasonable. It is that the medium term targets were superseded even before they were announced by a very much more arbitrary form of discipline — cash limits. These were invented originally for other parts of the public sector, as a way of monitoring expenditure during the course of a year and ensuring that the cost of programmes planned on a constant-price basis, did not soar out of control as a result of inflation. However, because of the unique position of the nationalised industries, as commercial enterprises within the public sector, it was recognised in 1976 that their outgoings should not be treated in the same way as general public expenditure. To the extent that their wages, raw material costs and capital spending are covered by their sales revenues, they are not a burden on the taxpayer and therefore are not cash limited.

The cash limits cover only the residual difference between the corporation's outgoings and their revenues: they are limits on their external financing requirements (EFRs). These impinge indirectly on all aspects of the corporations' activities: for example increases in wage costs that are not matched by higher selling prices increase the need for external finance, unless some other part of an industry's plans, such as its capital spending, is modified. One criticism of the cash limit regime is that EFRs have only a very roundabout and unpredictable effect on any particular aspect of a corporation's management — such as its attitude to pay negotiations. But that is a lesson which the Government *is already learning from the* experience of the current pay round.

The problem that is being stressed in the present discussions is that there is no guarantee that the cash limits set by the Treasury will be consistent with the attainment of longer term financial targets.

The nationalised industry chairmen are not arguing for the elimination of cash limits altogether: they are seeking Government commitment to a code of practice which they believe will iron out some of these problems and, most importantly, assure a greater measure of consistency between cash limits, medium term financial targets and any other objectives that the Government or Parliament may impose.

Although cash limits are set on the basis of each industry's own corporate plans and business forecasts, there are three reasons why they may contradict financial targets in practice.

First, there is simply the difficulty of forecasting the difference between two very large and unpredictable quantities: an industry's total income and its total expenditures. Small variations in any of the forecasting components for industries like the Electricity Council, which has a turnover of £5.4bn, can produce very large errors in the EFR forecast. If financing cannot be carried over from one year to another and cash limits are given precedence over all other objectives, remedial action has to be taken which may make no commercial sense and may conflict with the industry's financial target.

Last year the corporations were particularly disturbed to find that the Government had decided to set firm cash limits for 1980/81 in November 1979, instead of waiting for the 1980 Budget, in accordance with the practice of previous years. The cash limits imposed for 1980/1981 are therefore based on particularly uninformed guesswork about the industries' true financial needs in that year. At the very least, the NICG hopes to persuade the Government to accept a more reasonable timetable for the setting of cash limits in future.

The second, and much more ambitious proposal for improvements to the cash-limit system concerns the assumptions on which the forecasts are based. The corporations are annoyed about they way that successive governments have forced the Treasury to rewrite forecasts made by the corporations' own finance departments, so as to incorporate assumptions on pay and price inflation — based on official wishful thinking, rather than on prudent commercial judgment. The suggestion being put forward is that, in the annual round of cash limit negotiations, the Government should clearly accept responsibility for the assumptions it imposes on the corporations. If these turn out to be off the mark, the Government should adjust the cash limit or accept responsibility for price changes, redundancies or other actions required to stay within it.

Debate

It is hard to see how taking the blame for the unpleasant consequences of cash limits could be politically acceptable to a Government whose labour market policy is based largely on non-intervention. The debate currently raging — about whether industrial action "against the Government" by workers in nationalised industries constitutes "primary" or "secondary" action — makes the idea of saddling the Government with the entire responsibility for the wage assumptions it imposes particularly explosive.

The third current in the nationalised industries' case against the present application of their financal framework is even more far-reaching. At the moment the point is being put only tentatively, but there is a growing feeling that it is irrational to restrict nationalised industries' borrowing in the same way as other areas of public spending, such as civil service salaries, or social security payments. If borrowings are required by profitable industries, such as the Post Office or the Gas Corporation, to finance investments which are expected to yield returns well in excess of the cost of borrowing, should they be discouraged as part of the general campaign to reduce public spending and the PSBR?

The nationalised industries recognise that their investment programmes, even if they are expected to yield profits consistent with their financial targets, may pre-empt resources that could be used for investment by the private sector. How the "social opportunity cost" of capital is best measured is hotly disputed among economists. But one point on which most economists would agree is that arbitrary limitations on public sector borrowing as a whole are not a good way of allocating investment between the private and public commercial sectors. Indeed, it is paradoxical that a policy of reducing the PSBR, one aim of which is to "make more room for productive investment," should depend on restricting profitable investments by commercial undertakings, such as the Post Office or the Electricity Council. Even British Rail, which is not profitable as a whole, has claimed that profitable and necessary investment programmes will have to be curtailed to keep within its cash limits.

This point has been made by the Government itself, announcing the "privatisation" of British Airways, which will involve removing its borrowing *needs from the definition of* public spending. Eventually British governments may even come to accept that nationalised industries are productive industries first and public enterprises second—a point which has long been axiomatic in the rest of Western Europe.

Letters to the Editor

Facilities for communication

From Mr. E. M. Wagner

Sir,—Although I am a radio amateur, and not a model radio control operator, I fully support Mr. Ewart-James (January 29), that the frequencies must not be disturbed.

I do not see the need for citizen's band radio at all. If communication is wanted from mobile situations, such as doctors, taxis, etc., the facilities already exist. The Post Office will supply the apparatus, allocate a frequency, maintain the apparatus and the user has no right to modify or change the apparatus exactly like a telephone. In fact it is virtually telephone from a mobile vehicle.

If the object is one of interest in the technical factors of communicating by radio, the organisation already exists as radio amateurs who are licensed by the Home Office to operate *on certain bands of frequencies*, with appartus either bought or built by the amateur. But of course, the applicant has to show a certain degree of knowledge of radio communications and pass an examination.

Citizen's band seems to require no knowledge at all of radio communications, nor are they prepared to use the facilities already provided by the Post Office for car radios for doctors, taxis, etc.

Several countries notably the U.S.A. have already legalised citizen's band and have found it produces an uncontrollable situation and in some cases complete chaos.

E. M. Wagner.
5, Ferncroft Avenue, NW3

Radio-controlled models

From the Member for Bexley, Erith and Crayford Greater London Council.

Sir,—Through your columns may I both console and reassure Mr. D. Ewart-James (January 29) and the 100,000 licensed users of radio controlled models.

It is illegal to import citizen's band equipment into this country but not to sell it. The Parliamentary working party, the national committee for the legalisation of CB radio and the Home Office are all in agreement that the frequency for CB should not be 27 MHz, which is used by radio modellers.

It has been estimated there are up to 20,000 illegal CB operators in UK. CB on 27 MHz is legal in 13 European countries. These countries were presented with a *fait accompli* by the demand for personal communication among their citizens and thus legalised an inferior frequency, incidentally doing nothing for their home electronic manufacturers.

Once our Minister decides, UK will have a superior system —a ready-to-export *alternative* to Europe's present radio mayhem.

Richard Town.
(Technical Adviser
Parliamentary working party),
Members' Lobby,
County Hall, SE1.

Banned from the band

From the Head of Information, HM Customs and Excise.

Sir,—Mr. Ewart-James' letter (January 29), about the importation of citizen's band radio equipment is misleading.

The Radiotelephonic Transmitters (Control of Manufacture and Importation) Order 1968 made under the Wireless Telegraphy Act 1967 prohibits the importation, except under a licence issued by the Home Office, of wireless apparatus capable of transmitting on frequencies between 26.1 and 29.7 MHz. This range embraces virtually all CB apparatus and as the Home Office seldom, if ever, issues import licences for such equipment, its importation is for all practical purposes prohibited.

Customs has powers under the Customs and Excise Management Act 1979, to seize goods imported contrary to an import prohibition and to take prosecution proceedings against offenders.

J. E. L. Dahn,
HM Customs and Excise.
King's Beam House, Mark Lane, EC3.

State money for secret ballots

From the Vice-Chairman, National Committee, Conservative Trade Unionists

Sir,—Some leaders of the TUC have suggested that trade unions should be forbidden by the TUC to take state money for secret ballots. This they say would be a form of interference by the Government in union affairs.

Could the same union leaders say whether they will also now refuse the £1m they have been accepting from Government towards their training courses? Perhaps they could say to what extent they have found the Government interfering in their training programmes?

Or perhaps it is not the principle of state grants they are worried about, but rather the threat of secret ballots to their cosy and unrepresentative decision making processes.

Geoff Campbell.
Conservative Trade Unionists,
32 Smith Square, SW1.

Unsafe goods on the market

From the Secretary, Product Liability Technical Committee, European Organisation for Quality Control.

Sir,—Ann Davison, Consumers in the European Community Group (January 24), stated that "the question of recall—is not a requirement of the directive." This is quite true but, the explanatory memorandum also says "insurers have let it be known that the insurability problems of a recall are enormous." I did not suggest that recalls would be a requirement of the new laws although they may be mandatory in the United States. But I did say that the cost of a recall could be very heavy indeed—as for Corning Glass mentioned in my earlier letter (January 21). The point was, and still is, that in the long run the cost of recalls will have to be borne by the consumer. The very fact that a responsible manufacturer would not knowingly leave unsafe goods on the market will tend to add to the costs! These costs are among the "internal overheads" about which explanation is requested.

It is also a fact a great deal more recording of information *will have to take place in order* to satisfy the bureaucracy that the manufacturer is taking all reasonable steps to ensure that he only sells a safe product. (Indeed, those manufacturers supplying the American market already have to do this to satisfy the American consumer bureaucracy). This means that, not only is the manufacturer taking all the necessary steps to ensure that he only sells a safe product but, he will be required to keep extensive and comprehensive *records to prove* that he is doing so. Industry, at least, is well aware of the fact that recording of information is expensive and that storing it is equally expensive. And these records will have to be kept for periods in excess of ten years.

With all due respect one feels that the often expressed consumer views about industrial costs represent "the voice of inexperience" insofar as industrial practice is concerned.

R. M. McRobb,
Glebe Cottage,
Honeydon Road, Colmworth, Bedford.

Product liability

From the Director General, British Safety Council

Sir,—The product liability issue which is currently exercising people's minds, and causing bitter argument in the process, is whether or not the planned EEC directive should allow manufacturers to invoke "development risk" as a permissible defence in compensation cases.

While manufacturers are understandably anxious about a law which would make them liable for unforeseen defects arising in products originally manufactured in accordance with the latest scientific and technological knowledge industry should have to bear legal responsibility for development risks for two reasons.

From a moral standpoint, it is difficult to see why consumers should have to bear the risk, without remedy, of defects being discovered in use, particularly when the party best placed to pay compensation and correct the defect, whether it be in production or design, is the manufacturer.

On a pragmatic level, there is no reason to suppose that such a law will have an adverse effect on manufacturers' ability or indeed will to continue producing products, whether standard lines or new varieties.

Product safety experts in the United States have pointed to the "therapeutic" effect liability laws have had on American manufacturers, in urging them to make safer and therefore better products, although it should be admitted that the fear of litigation has forced some manufacturers to fold up altogether. Given that innovation is the lifeblood of industry, it is doubtful whether British manufacturers will in the end opt only for tried and tested products and so cut their own throats.

As to the cost of this legislation, figures of £5m per annum per company have been quoted in your columns (Mr. McRobb, January 21). While this may seem a high figure (and I am dubious about such *a large estimate) it is only a* fraction of the cost that Ford Motor Company of America has already *paid for* its failure to exercise proper design and quality control in the case of the Pinto. Indeed, British Leyland was ordered to pay compensation amounting to £500,000 as a result of just one product defect case in the United States, and we cannot afford to ignore international markets.

Product safety law will certainly mean more expensive goods, but I am equally certain that most consumers will prefer *to pay higher prices for* safer products rather than manufacturers' mistakes.

James Tye,
National Safety Centre,
Chancellor's Road, W6.

Taxes and benefits

From Mr. F. Field, MP

Sir,—Mr. Lindsay would have been at home with Mr. Gladstone for his views have a distinctly 19th century air about them. The debate on taxes and benefits underwent a major reform in the 1950s when the Royal Commission on Taxation suggested it was important to take a "command over resources" view on what constitutes income. Mr. Lindsay still appears unprepared to do so, or to accept the transformation brought about by the Tory Government paper on tax credits. From that moment onwards the idea that one could think of paying cash benefits or being in receipt of tax allowances as two separate issues came to an end, but old habits obviously take a long time to die.

Many people on the Left argued against the Green Paper on the grounds that any money spent on implementing the tax credit scheme could be better used in raising national insurance *benefits* and the like. I argued for keeping an open mind on the proposals simply because of the effect the tax credit scheme would have on the whole of our tax social security system.

The scheme implicitly accepted that tax allowances were benefits similar to cash payments. As tax allowances favoured those on high incomes any scheme which converted them into a uniform cash payment seemed to me to be a good move.

This is presumably what hurts Mr. Lindsay. He may not be able to see the similarity between a child tax allowance and a cash payment of child benefit, but on this he should talk to his wife. In the old days the Chancellor could increase the tax free income of families by raising child tax allowances. Now he can do the same by increasing child benefit and thereby maintaining tax equity between the childless tax payer *and those with children. And* if what really worries Mr. Lindsay is that CTAs can be claimed at the marginal rate of tax and were therefore worth more to the well off, he can rest asssured that a tax free child benefit has the same effect. To work out how much gross income a tax payer needs to earn a £4 net increase in earnings (the size of child benefit) shows this clearly.

Frank Field.
House of Commons, SW1.

Today's Events

GENERAL

UK: Mr. Gordon Richardson, Governor of the Bank of England, speaks at Overseas Bankers Club banquet, Guildhall.

Mrs. Margaret Thatcher meets delegation from the Central Council of Physical Recreation to discuss proposed boycott of Olympic Games.

Mr. Peter Baxendell, Shell Transport and Trading managing director, speaks at Coal Industry Society lunch, London.

New 19th issue of National Savings Certificates goes on sale.

Mr. Paul Channon, Civil Service Department Minister, speaks at Bexley, Kent.

Mr. Timothy Raison, Home Office Minister, speaks at County Hall, London.

Sir Peter Gadsden, Lord Mayor of London, lunches with chairman and Board of Lloyds Register of Shipping, Fenchurch Street.

Mr. Neil Kinnock speaks at National Union of Mineworkers' meeting, Sutton in Ashfield, Notts.

Overseas: Council of Assembly of National Olympic Committees meets in Mexico City.

EEC Foreign Affairs Council starts two-day meeting, Brussels.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Welsh affairs. EEC documents on construction products.

House of Lords: Deaconesses and Lay Workers (Pensions) Measure. New Hebrides Bill, second reading. Competition Bill, second reading.

OFFICIAL STATISTICS

Capital issue and redemptions (during the month of January). UK official reserves (January). Hire Purchase and other instalment credit business (December). Retail sales (December—*final*). *Building society* house prices and mortgage statistics (fourth quarter).

COMPANY MEETINGS

See Financial Diary on Page 15.

COMPANY RESULTS

Final dividends: Lonrho. Pentland Investment Trust. Interim dividends: Apex Properties. Ashley Industrial Trust. Hillards. Vibroplant Holdings. Interim figures: Whitworth Electric (Holdings).

HIGHVELD

STEEL AND VANADIUM CORPORATION LIMITED

(Incorporated in the Republic of South Africa)

INTERIM REPORT FOR THE SIX MONTHS TO DECEMBER 31 1979

PRODUCTION: (Metric Tons)	Six months to 31.12.79	Six months to 31.12.78	Year to 30.6.79
Hot Metal: Total	367 559	355 214	716 477
Continuously Cast Blocks			
—Blooms	223 073	208 808	408 316
—Slabs	139 926	134 789	283 063
—Billets	28 856	26 753	60 549
Total	391 855	370 350	751 928
Structural Mill Products			
—Billets	11 204	10 921	21 545
—Sections	194 853	177 526	348 356
Total	206 057	188 447	369 901
Plate Mill Products			
Total	121 265	108 062	229 820
Vanadium Slag	27 318	27 166	52 969
Ferro-Alloys	82 199	74 519	152 715
Carbonaceous Products	130 882	117 197	237 179
GROUP FINANCIAL RESULTS (R000)			
Turnover	155 719	120 933	268 111
Profit before tax	33 107	19 019	43 365
Less: Normal tax	6 400	—	—
Deferred tax	5 850	5 996	14 656
	20 857	13 023	28 709
Less: Minority interests	743	546	1 412
Attributable profit	20 114	12 477	27 297
Taxed earnings per share (cents)	29.6	18.4	40.0
Dividends (cents)	9.0	6.0	20.0

The unaudited consolidated profit of the corporation and its subsidiaries for the half-year to December 31 1979, before providing for tax and minority interests, but after providing for interest charges of R1 566 000 and depreciation of R8 681 000 amounted to R33 107 000.

After providing R12 250 000 for tax and after deducting minority interests of R743 000, the attributable profit was R20 114 000, an increase of 61 per cent on the half-year to December 31 1978.

In view of these results the board has decided to raise the interim dividend to 9 cents per share (1978—6 cents) payable in March 1980 at a cost of R6 114 000.

In order to minimise the effects of the high rate of inflation on the group's earnings, the board decided to change to the LIFO (Last-in-first-out) method of stock valuation. Provision has been made for LIFO in the six months' results and it is not anticipated that dividends will be materially affected.

Apparent steel consumption in 1979 for the world including the Communist bloc increased by just under four per cent compared with 1978 to reach a new record level of 755 million tons. The growth in free world consumption was at a slightly higher rate than the world average and was only one per cent below the 1973 record year. The trend towards increasing steel consumption and production in the developing countries continued and consumption in the industrialised countries was some ten per cent below the 1973 record year.

The forecast world-wide consumption for 1980 is at the same level as 1979, but a reduction is forecast in the major industrialised countries. Steel export dollar prices showed only a modest improvement during 1979 compared with the substantial increases in 1978 and the uncertain outlook for demand in 1980 will lead to a more competitive situation which could adversely affect steel export prices.

South African apparent steel consumption during 1979 showed a 13.5 per cent increase over 1978 and continued growth is forecast for 1980. This improvement in the domestic situation will help balance the less buoyant export position.

Demand for vanadium improved steadily during the period and the Vantra division was brought to full capacity in September 1979 by the recommissioning of the three kilns which had been out of operation since December 1976.

The Rand Carbide division and Transalloys also continued to operate well during the six months with a strong demand for all products. Ferro-alloy export prices showed a big improvement during 1979 but the recent fall off in steel production in the major industrialised countries has begun to affect ferro-alloy demand and prices adversely.

The erection of the ninth pre-reduction kiln in the iron plant is on schedule and commissioning will take place during the second half of the 1980 calendar year. In November 1979 the board approved R18 million for the installation of a tenth pre-reduction kiln which will be commissioned before the end of 1981, thus completing the first iron plant and taking steel production capacity to 900 000 tons per annum.

Despite the uncertainties in the export markets it is forecast that the group will at least maintain a similar level of profit for the second half of the year.

SHARE CAPITAL

The issued share capital increased from 67 763 270 at June 30 1979 to 67 932 770 as a result of the issue of 169 500 shares in terms of the share incentive scheme.

CAPITAL EXPENDITURE

The total commitment in respect of capital expenditure was R41 205 000 at December 31 1979, compared with R3 068 000 at December 31 1978.

DIVIDEND

The final dividend of 14 cents a share in respect of the financial year to June 30 1979 was declared on August 10 1979 and paid to shareholders on October 5 1979.

DECLARATION OF DIVIDEND NO. 11 (INTERIM)

Notice is hereby given that dividend No. 11 of 9 cents a share, being the interim dividend in respect of the financial year to June 30 1980, has been declared payable to shareholders registered in the books of the corporation at the close of business on February 22 1980 (1979—dividend No. 9 (interim) of 6 cents a share).

The dividend is declared in the currency of the Republic of South Africa. Dividend warrants will be posted from the office of the transfer secretaries on or about March 27 1980.

Any change of address or dividend instruction to apply to this dividend must be received by the corporation's transfer secretaries not later than February 22 1980. Shareholders must, where necessary, have obtained the approval of the South African or any other exchange control authorities having jurisdiction in respect of such instructions.

The share transfer register and register of members will be closed from February 23 to March 9 1980, both days included.

In terms of the Republic of South Africa Income Tax Act 1962, as amended, non-resident shareholders' tax will be deducted by the corporation from dividends payable to those shareholders whose addresses in the share register are outside the Republic. The effective rate of non-resident shareholders' tax is 15 per cent.

The abridged unaudited consolidated income statement of the corporation and its subsidiaries for the half-year to December 31 1979 is contained in the accompanying interim report of the corporation for that period.

For and on behalf of the Board
W. G. Boustred (Chairman)
L. Boyd (Managing Director)
Directors

Witbank
February 1 1980

Transfer Secretaries:
Consolidated Share Registrars Limited,
62 Marshall Street, Johannesburg 2001,
(P.O. Box 61051 Marshalltown 2107)

Registered Office:
Portion 29 of the farm Schoongezicht
No. 308 J. S. District Witbank,
(P.O. Box 111, Witbank, 1035)

Our First Decade

"It is satisfying to complete our first ten years of trading with record profits and a strong balance sheet."
M. E. R. Allsopp – Chairman.

Year to 31.12	Profits Before Tax	Shareholders' Funds	Total Funds Employed
1979	£404,641	£1,466,017	£12,696,656
1978	£308,864	£1,243,595	£10,719,054
1977	£232,879	£1,118,861	£8,181,940
1976	£177,990	£1,044,412	£7,714,967
1975	£142,689	£1,005,208	£6,796,327
1974	£103,712	£956,445	£5,321,934
1973	£74,845	£906,366	£4,645,301
1972	£49,003	£268,636	£3,985,771
1971	£16,614	£234,233	£1,273,232
1970	(£32,906)	£217,094	£745,148

DUNBAR & COMPANY LTD
BANKERS
53 PALL MALL, LONDON SW1Y 5JH
Tel: 01-930 2122

Companies and Markets

UK COMPANY NEWS

Vectis Stone forecasts record profit for year

FIRST quarter trading of Vectis Stone Group has been satisfactory and the Board is expecting profits for the current year of not less than last year's record £676,000, Mr. J. A. K. Collins, chairman, tells shareholders.

This is despite the high interest rates and possible cuts in public authority expenditure which make it more difficult than usual to forecast results, the chairman says.

Profit for the year ended September 30, 1979, was an improvement on the previous year's £539,000. Sales amounted to £3.82m, against £2.66m. CCA profits is £416,000 (£398,000) after adjustments for cost of sales and working capital, £118,000, additional depreciation, £188,000, and £46,000 gearing.

At an extraordinary meeting to follow the AGM, shareholders will be asked to approve conditional contracts to acquire 98 per cent of Columbia Products Company, an Isle of Wight-based manufacturer of toiletries and cosmetics under the "Aronde" and "Holly Hobbie" trade names.

An offer to purchase the remaining 2 per cent of the shares has also been made. A circular outlining full details of the acquisition will be sent to members on February 8.

"Shareholders are strongly advised to accept the Board's unanimous recommendation to approve the purchase of Columbia," says Mr. Collins.

The report shows that the interests of the Henton family in the Vectis ordinary amounts to 25.5 per cent. Meeting, Bugle Hotel, Isle of Wight, February 26 at noon.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Apex Properties, Ashley Industrial Trust, Hillards, Vibroplant.
Finals:—Lonrho, Pentland Investment Trust, U.C. Investments.

FUTURE DATES

Interims:—

Douglas (Robert M.)	Feb. 14
Malaysia Rubber	Feb. 14

Finals:—

Crest Nicholson	Feb. 12
English and New York Trust	Feb. 5
Hongkong & Shanghai Banking	Feb. 26
IMI	Feb. 28
Kode International	Mar. 5
Plastic Constructions	Feb. 7
Renown Inc.	Feb. 14
Tribune Investment Trust	Feb. 14
Wagon Finance	Feb. 15

Nash expects flat first half

Virtually the whole of the current year's profit for J. F. Nash Securities, the motor, packaging and engineering group, will accrue in the second half, Mr. J. F. Nash, the chairman, tells shareholders in his annual report.

A number of seasonal factors, coupled with the stock build-up for the spring launch of the new Reliant Scimitar GTC, mean the first half is unlikely to show a significant profit. But the chairman is confident of a satisfactory result for the 12 months.

Dunbar & Company advances

Reporting 1979 pre-tax profits 31 per cent higher at £404,641, Mr. Michael Allsopp, chairman of Dunbar and Company, banker, says he is confident the company is on the right road for further growth in its business.

The demand for its services confirms his belief that there is an assured future for the bank, he adds.

Commenting on the 1979 result, he says that all divisions performed well and contributed record profits. Of the two principal divisions, banking has increased its spread and improved the quality and number of both depositors and borrowers while investment, operating in a difficult environment, again increased funds under management. Dunbar Financial Services had a successful year.

Total funds employed by this close company at the end of the year totalled £12.7m and shareholders' funds amounted to £1.47m. A statement of source and application of funds shows an increase in working capital of £381,169 (£39,015).

The ultimate holding company is Dunbar (Pall Mall).

Horne Bros. slumps to £311,000

A SLUMP in pre-tax profits from £832,000 to £311,000 is reported for the year to September 8, 1979 by Horne Brothers, the general outfitter, all of whose issued equity capital is privately held. Turnover for the 12 months moved ahead from £13.14m to £14.03m.

At the interim stage, when announcing a profit decline from £492,000 to £158,000, the directors said the second half was not being helped by por weather.

They now state that since the stadt of the current year there has been an encouraging response, although trading has suffered in recent weeks following the mortgage increase announcement.

Despite the likelihood of a difficult year, further branch openings and refurbishments are planned and the group is keen to acquire additional retail businesses compatible with its own.

FT Share Information

The following securities have been added to the Share Information Service appearing in the Financial Times:

Conder International (Section: Buildings); International Income Property (Overseas-New York).

S.E. taking look into Kitchen Queen deals

The Stock Exchange is taking a preliminary look into the circumstances behind the sharp decline in Kitchen Queen's shares in the week before the resignation of the chairman in mid-January and news of a slide into the red.

The share price of the kitchen equipment company, which only came to the market late in 1978, plummeted from 40p to 24p—5p below the original offer price—in the days ahead of the disclosure that losses of around £300,000 were likely in the six months to end-February.

This comes after a pre-tax profit of more than £1.8m in the full year to August 31, 1979, and Mr. Neville Johnson, who founded the business, accordingly stepped down from the chair earlier this month.

Stock Exchange officials have still to collect evidence of actual share transactions from jobbers and brokers. They will then have to decide if this justifies setting up a full enquiry into possible insider dealings.

Unochrome expects to resume interim and final

ALTHOUGH IN the current year Unochrome International cannot escape an impact from any serious national industrial disputes, the directors are optimistic about the future, given the group's present policies and management controls.

Mr. R. A. Le Page, chairman, says in his annual statement that the directors expect payment of an interim and a final dividend for the 1979-80 year.

The net final dividend for the year to September 30, 1979, is 0.4p, after the passing of the interim. In the previous year, the final was omitted following a 0.2333p interim. Two payments totalling 0.6p were made in 1976-77.

Taxable profits recovered strongly in 1978-79 to reach a record £860,000 (£222,000), as reported on December 21.

At balance date, group fixed assets amounted to £4.01m (£4.06m), while net current assets were up from £1.51m to £2.04m. Net liquid funds increased by £188,000 (£749,000).

Camellia Investments holds 29.95 per cent of Unochrome's capital, and ITC Pension Funds Trust holds 5.67 per cent. Mr. D. M. Bacon, a director of Unochrome, is also managing director of Camellia.

At the annual meeting—at Cheltenham, on February 27 at 3.15 pm—it is proposed to change the name to Unochrome Industries. This follows the end of trading activities with Unochrome Nederland BV.

Nottm. Brick set to increase market share

IN THE first three months of the current year, deliveries by Nottingham Brick Company were comparable to those in the same period last year but deliveries by the recently acquired Maltby Brick were substantially greater than in 1978, Mr. W. D. Crane, chairman, reports.

In his annual report, the chairman says the group must expect difficult trading conditions in 1980 but by maintaining product quality and customer service, the Board is confident that the group will continue to obtain an increasing share of the available market.

For the year ended September 30, 1979, profits before tax improved from £635,349 to £641,456 on turnover of £3.81m against £2.18m. A two-for-one scrip issue is also proposed.

Profits on a CCA basis amount to £398,000 (£499,000)

IN BRIEF

BRIGRAY GROUP (clothing and jersey fabrics)—Turnover for six months to October 19, 1979, £1,352,000 (£1,245,000). Pre-tax profit £3,000 (loss £1,000). No tax (same). Earnings per share 0.04p (loss 0.01p). Board says trading conditions are difficult and they view second half with caution. However, progress continues to be made in strengthening of sales management and in the introduction of new products.

CREST INTERNATIONAL SECURITIES (investment holding company)—For year to March 31, 1979, turnover £28,127 (£175,929). Profit £3,245 (£5,576) before extraordinary credits of £179,960 (£74,003). Profit per share 0.05p (0.08p). Accummulated losses at year-end £878,721 (£1,059,883). Balance at bank and in hand £208,100 (£2,986). Bank loans and overdrafts nil (£1,689,239). Chairman says overseas activities have finished with sale of Dutch subsidiary since year-end. Directors intend soon to reconstruct share capital. Meeting, 63 Lincoln's Inn Fields, WC, on February 25 at noon.

EUROTHERM INTERNATIONAL (electronic equipment)—Results for year to October 31, 1979, reported January 18 with observations on prospects. Group fixed assets £4.3m (£1.94m). Net current assets £4.14m (£3.59m). Meeting, Worthing, on February 28, at noon.

GRANGE TRUST—Results for year to November 30, 1979, already known. Investments, £11.36m (£11.78m), unrealised appreciation £3.98m (£4.1m).

IDRIS HYDRAULIC TIN—Results for 1979 year, profit from the mine, after depreciation, £479,000 (£201,197). Interest and dividends received £83,000 (£65,029). Pre-tax profit £562,000 (£266,226). Second interim already declared.

M & G AMERICAN AND GENERAL FUND—Final distribution on income units for accounting period to January 27, 1980, 0.55p net (0.42p), payable March 20, 1980. Total distribution for period 0.95p net (0.62p).

M & G MAGNUM FUND—Final distribution on income units for the accounting period to January 27, 1980, will be 6.3p net per unit (3.5p), payable March 20, 1980. Total distribution for the period amounts to 9.9 net per unit (6.25p).

THE M & G COMMODITY AND GENERAL FUND—Final distribution on income units for period to January 27, 1980, 2.25p net (1.42p), payable on March 25. Total distribution for the period 3.55p (2.52p).

RAEBURN INVESTMENT TRUST—Results for year ended November 30, 1979, reported January 21. Investments totalled £42.67m (£47.74m). Net current assets £6.262m (£4.17m). Liquidity decreased by £978,000 (£408,000 increase). Meeting, 21, Moorfields, EC, February 22, 2.30 pm.

RECORD RIDGWAY (hand tool manufacturer)—Results for the year to September 30, 1979, reported December 12 with chairman's observations on prospects. Group fixed assets £7.93m (£8.56m). Net current assets £7.37m (£5.46m). Meeting, Sheffield, on March 7, at 3.30.

SPENCER CLARK METAL INDUSTRIES—Results for year to September 30, 1979, already reported. Fixed assets £1.58m (£1.94m). Net current assets £2.31m (£1.84m). Meeting, Rotherham, February 28, at noon.

TANJONG TIN DREDGING—Profit from the mine for 1979 after depreciation etc., £153,000 (£133,661). Interest and dividends received £92,000 (£85,041). Pre-tax profit £245,000 (£218,702). Second interim already declared.

H. YOUNG HOLDINGS (Motor distributor and manufacturer of cleaning appliances)—Turnover for half year to November 30, 1979, £1.99m (£1.72m), pre-tax profit £5,878 (£16,715 loss), no tax (nil), dividend nil (nil). Board anticipate a profit for the full year, despite expected difficulties in the second half.

SPAIN

1979 High	1979 Low		Feb. 1 Price %
310	200	Banco Bilbao	213
353	204	Banco Central	224
232	199	Banco Exterior	211
286	200	Banco Hispano	210
174	135	Banco Ind. Cat.	135
213	173	Banco Madrid	173
348	203	Banco Santander	244
280	157	Banco Urquijo	157
285	202	Banco Vizcaya	218
281	195	Banco Zaragoza	200
220	100	Dragados	103.5
99	58	Espanola Zinc	62
67	49	Fecsa	56
76	23.5	Gal. Preciados	36
77.5	52.75	Hidrola	62.2
76	52	Iberduero	60.7
178	110	Petroleos	115.5
136	73	Petroliber	73
130	115	Sogefisa	115
82	53	Telefonica	57
69.7	55	Union Elect.	62

Electronic Rentals Group

INTERIM STATEMENT

Half year to 30th September, 1979

Group turnover for the half year to 30.9.79 increased by 56% to £86.9 million and although a similar increase is reflected in the trading surplus the profit before exceptional items, at £9.1 million, was only 2% higher than that of the corresponding period of the previous year, the integration of the BRW acquisition into Visionhire having taken longer than anticipated and having been marginally more costly.

The directors of Electronic Rentals Group Limited have declared an interim dividend for the year ending 31st March, 1980 which, with the associated tax credit, is equivalent to 1.6667p per share gross, which is as near as possible to the gross amount of last year's interim dividend, as adjusted for the capitalisation issue in September, 1979. This dividend will be paid on 28th February, 1980 to shareholders on the register at the close of business on 29th January, 1980.

In the absence of unforeseen circumstances and on the basis of current trading, the directors intend to recommend a final dividend of 4.49p per share gross. Thus the total payment for the year will amount to 6.1567p per share gross, in accordance with the forecast contained in the circular to shareholders dated 15th December, 1978 as adjusted for the capitalisation issue in September, 1979.

Salient points	1979	1978
Turnover	£86.9m	£55.6m
Trading surplus	£36.7m	£23.3m
Profit before exceptional items	£ 9.1m	£ 8.9m
Profit before taxation	£ 5.6m	£ 8.7m
Basic earnings per share	2.8p	5.3p
Basic earnings per share adjusted for exceptional items	4.8p	5.5p
Net cash flow per share	15.5p	14.1p
Interim dividend per share (gross equivalent)	1.6667p	1.6667p

Copies of the full interim statement are obtainable from the Secretary, Electronic Rentals Group Limited, Electronic House, Churchfield Road, Weybridge, Surrey KT13 8DB.

BARLOW RAND LIMITED

("BARLOWS")

AND

C. G. SMITH & COMPANY LIMITED ("C.G.S.")

Standard Merchant Bank Limited is authorised to announce that at a General Meeting of C. G. Smith & Company Limited ("C.G.S.") shareholders held in Durban on 1st February 1980, the shareholders consented to:

1. Amend the articles of association of the company in order to cancel the restrictions imposed by the existing articles on the free transferability of the company's ordinary shares and to remove therefrom the pre-emptive rights of shareholders in respect of those shares.
2. Increase the authorised share capital of the company by the creation of 185,191 ordinary shares of R2 each for the purposes of:
   (i) the allotment to Barlow Rand, its subsidiary or its nominee of 169,508 ordinary shares of R2 each, as consideration for Barlow Rand's 55.4% holding in Nampak Limited and
   (ii) providing 25,000 additional ordinary shares to be placed under the control of the directors.

Subsequently the Directors of CGS allotted and issued 7,683 ordinary shares of R2 each to Barlow Rand at a price of R650 per share. The funds so raised have been used to finance the purchase of shares in C. G. Smith Sugar Limited ("C.G. Sugar"), which is now a subsidiary of CGS.

Barlow Rand has made an offer to CGS shareholders, other than C.G. Sugar, to acquire their ordinary shares in CGS. Shareholders will be informed once results of the offer are known.

Standard Merchant Bank Limited

Johannesburg, 4 February 1980

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange in London.

City of Oslo

Issue of

N.Kr. 100,000,000 $10\frac{1}{4}$ per cent. External Bonds 1990

The issue price of the Bonds is 100 per cent. of their principal amount.

The following have agreed to subscribe or procure subscribers for the Bonds:–

Sparebanken Oslo Akershus

Kuhn Loeb Lehman Brothers International — Kleinwort, Benson Limited

Algemene Bank Nederland N.V. — Bergen Bank

Christiania Bank og Kreditkasse — Credit Suisse First Boston Limited

Den norske Creditbank — Deutsche Bank Aktiengesellschaft

Kredietbank S.A. Luxembourgeoise — The Nikko Securities Co., (Europe) Ltd.

Union Bank of Norway Ltd.

The 10,000 Bonds of N.Kr. 10,000 each constituting the above issue have been admitted to the Official List by the Council of The Stock Exchange in London, subject only to the issue of the global bearer bond.

Particulars of the City of Oslo and of the Bonds are available in the statistical services of Extel Statistical Services Limited and may be obtained during usual business hours up to and including 18th February 1980 from:–

Kleinwort, Benson Limited
20 Fenchurch Street
London EC3P 3DB

Kuhn Loeb Lehman Brothers International
99 Bishopsgate
London EC2M 3XD

L. Messel & Co.
Winchester House
100 Old Broad Street
London EC2P 2HX

Strauss, Turnbull & Co.
3 Moorgate Place
London EC2R 6HR

4th February 1980

INTERNATIONAL CAPITAL MARKETS

INTERNATIONAL BONDS

BY FRANCIS GHILES

Waiting for Godot

AN EVER deepening feeling of despondency spread through the dollar sector of the bond market last week as prices declined by more than a point and average yields on straight dollar bonds climbed to 12.78 per cent with a growing number of issues offering investors a return of more than 13 per cent.

The recent announcement in Washington that defence spending will be increased has fuelled growing fears that waiting for the U.S. recession has become akin to waiting for Godot. If this were to be the case expectations are that inflation and interest rates will remain at high levels.

In contrast, greater demand was reported for Deutsche mark and Swiss franc denominated bonds, where the yield levels established over the past two weeks are now attracting buyers.

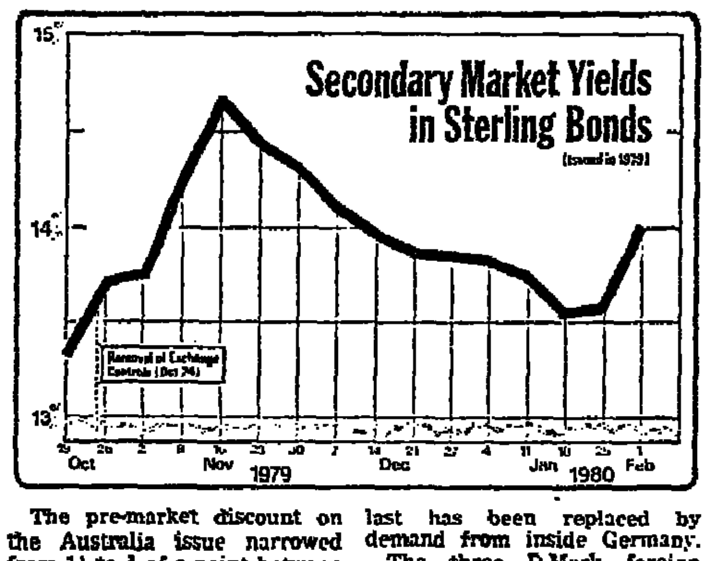
The yield level reached in the straight dollar sector totally failed to attract any buying interest. Professional market makers continue to cut inventories and the number of issues quoted in the market keeps shrinking. This absence of any real trading volume no doubt prompted more dealers than usual to head for the Italian Alps where the Swiss Region of the Association of International Bond Dealers was holding its winter session last weekend. Some bond houses thus virtually closed down last Friday.

The gloom which hangs over the market is also affecting the floating rate sector, where the erratic changes in interest rate last autumn appear to have driven out a number of active investors.

These investors are increasingly placing their funds on short term deposit in the money markets rather than keep them in FRN form in their portfolios, according to some dealers.

Pessimistic forecasts are being made of how far dollar bond prices may fall. Ross and Partners (Securities) even suggested that if the present inverse yield curve was to be corrected, and assuming short U.S. interest rates went up to 18 per cent, it would be "inevitable that yields on long bonds must rise substantially." This implies price falls of between 10 and 20 points on prime quality names.

In sharp contrast the stronger currency sectors finished the week on a note of guarded optimism. The Deutsche Mark sector reacted favourably to the new issue calendar of DM 740m and gave a good reception to the two issues announced in its wake, a DM 100m private placement for Sweden, which offers an indicated yield of 8 per cent, and a DM 200m public offering for Australia, which offers an indicated yield of 8.12 per cent.



The pre-market discount on the Australia issue narrowed from 1¼ to ¾ of a point between last Thursday and Friday. The reason behind this better tone is that strong German domestic demand for the higher quality foreign D-Mark bonds has developed now that yields offered on such paper have increased to around 8.2 per cent from below 8 per cent only two weeks ago. This rise has brought the yield obtainable on such paper into line with what can be obtained on domestic D-Mark paper. Hence, the lack of demand from abroad, which had forced managers to raise the coupons on some foreign D-Mark bonds the week before last has been replaced by demand from inside Germany.

The three D-Mark foreign bonds for Adela, the investment company registered in Luxembourg whose purpose is to promote industrial development in Latin America, did shed two points at the end of last week but the paper was quickly bought up by the banks which had managed the issue.

The DM20m 7 per cent private placement to 1982 was quoted at 94 and the DM20m 7¼ per cent private placement to 1982 at 96, while the DM70m 8 per cent public offering to 1983 closed on Friday at 96½. That issue was managed by Dresdner Bank, which said on Thursday that it had received assurances from Adela that its public bond issues would be unaffected by the reorganisation expected to follow the company's present troubles.

This borrower also has an FRN issue outstanding, a $25m bond to 1983. The manager of this issue, European Banking Company, said on Friday that it had received very few orders to sell. The bond was quoted at 98-99 at the close on Friday, a ¾ of a point fall from Wednesday's closing level.

Swiss franc bond prices firmed at the end of last week after the large falls registered earlier on. Yields available on Swiss franc issues did not change, however, remaining around 5.90 per cent. A new type of bond was launched for ECSC by Soditic last Friday. This SwFr 35m, three-year issue carries a fixed coupon of 5¼ per cent. In 1983 the borrower has the option to redeem or lengthen the maturity by a further three years during which the coupon would be pegged at ¼ per cent above the Swiss prime mortgage rate. The ECSC has an option to repay in 1984 at 100¾ and in 1985 at 100½.

In the sterling market the £50m 13½ per cent bond to 1990 for Citicorp fell on hard times. It opened on Thursday at 96-97 and by Friday was trading at 95¾ in the middle, at which level it yields 14.30 per cent.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
‡†Nippon Credit Bank Fin.	30	1987	7	5½◊	100	S. G. Warburg	5.390◊
‡§Sankyo Electric	25	1995	15	8½	100	Daiwa Europe	8.420
D-MARKS							
‡Jutland Telephone Co.	50	1990	10	8½	100	Dresdner Bank	8.500
‡**Asics (g'teed Taiyo Kobe Bank)	20	1987	7	8⅜	99½	Commerzbank	8.473
**Kingdom of Sweden	100	1987	7	8	100	West LB	8.000
Australia	200	1990	10	8⅛	100	Deutsche Bank	8.125
SWISS FRANCS							
‖**Autopistas del Mare Nostrum (60% g'teed Spain)	40	1984	—	6	100	UBS	6.000
‡Kingdom of Sweden	100	1991	—	5½	100	UBS	5.500
‡**Electricity Supply Board of Ireland	25	1983	—	5¼	100	Kredietbank (Suisse)	5.250
‡**Electricity Supply Board of Ireland	25	1986	—	5¾	100	Kredietbank (Suisse)	5.750
‡**Skandinaviska Enskilda Banken	80	1984	—	5¼	100	SBC	5.250
‡**Daiwa House (g'teed Sumitomo Bank)	50	1985	—	5½	100	UBS	5.500
‡§**Yamashita Shinnihon	40	1985	—	5⅝	100	UBS	5.675
‡Caisse Central Co-operative Economique	100	1990	—	5¾	99½	Credit Suisse	5.851
**ECSC	35	1986	—	5¼	100	Soditic	5.250
STERLING							
‡Citicorp. O'seas Fin. Corp.	50	1990	7	13½	100	CSFB	13.500
LUXEMBOURG FRANCS							
‡**Westland-Utrecht Hypobk.	125	1983	3	11	100	Kredietbank (Lux.) SA	11.000
‡**Westland-Utrecht Hypobk.	125	1985	5	11	100¼	Kredietbank (Lux.) SA	10.932
GUILDERS							
‡IADB	60	1990	8	9¾	99.20	ABN	9.899
YEN							
‡Province of Quebec	20bn.	1990	9	8.3	99.95	Nomura Secs.	8.480
NORWEGIAN KRONER							
‡City of Oslo	100	1990	5½	10½	100	Sparebanken Oslo	10.250

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ◊ Minimum. § Convertible. †† Registered with U.S. Securities and Exchange Commission. ¶ Purchase Fund. ‖ Postponed.
Note: Yields are calculated on AIBD basis.

SYNDICATED LOANS

BY MICHAEL LAFFERTY

Borrowers can't be choosers

STRONG INDICATIONS of changing conditions in the syndicated loans market emerged over the past week. Bankers can now point to firm evidence that second and third line borrowers are having to accept higher spreads and shorter maturities. However, there seems to be little change as far as triple A countries are concerned.

A good example of how conditions have changed is Spain. Last autumn Fuerzas Electricas de Cataluna (FECSA) was able to raise $120m on a split spread of ⅝ and ¾, with a maturity of 10 years and a four-year grace period. Last week Citicorp was awarded a mandate to raise $200m for FECSA on a spread of ⅞ and a maturity of eight years. The grace period is four years.

Citicorp points out that these terms are better than anything the market has seen from Spain for the past two years. It thinks they may even prove attractive enough for one or two of the U.S. regional banks.

Another interesting feature of the FECSA loan is the commitment fee terms. This will amount to ½ of 1 per cent on the non-utilised portion of the loan starting from signature, plus a further ¼ per cent on the amount of each drawdown for one month before each drawdown.

Another loan just mandated with much improved terms relates to the Republic of Panama. The mandate has gone to First National Bank of Chicago to raise $150m with a spread of 1¼ over LIBOR, a maturity of eight years and a grace period of four years.

At the top end of the scale tendering is still going on in the market for three Australian loans, of about $50-$60m each. These are said to be for the electricity commissions of the states of Victoria, Queensland and New South Wales. By all accounts the Australians are holding out for the finest possible terms.

The main talking point in the market remains Brazil. Nobody knows for certain how much the country will need to borrow this year, but most estimates are in the $15bn to $20bn region. Last week Mr. Ernane Galveas, the Brazilian Finance Minister, said that the country would need to borrow only $12bn abroad this year. This estimate contrasts with a recent assessment by international bankers of an external borrowing requirement this year of $18bn. Mr. Karlos Rischbieter, the former Brazilian Finance Minister, has made a guess of $15bn.

Whatever the exact funding requirement is, bankers are agreed that Brazil has a major problem on its hands, which cannot be postponed much longer. A straw poll of London bankers indicated that terms for a loan would have to be around a 1¼ spread and a maturity of eight years. No banker thought a maturity of more than ten years was possible. One banker closely connected with Brazil said a struggle was still going on in Brazilian official circles "between the realists and those looking for September 1979 terms."

U.S. BONDS

BY STEWART FLEMING

Not afraid of the Fed

THERE WAS a telling contrast in the credit markets last week, one which could have ominous implications for the future. In the short-term money markets, where demand for credit has again been expanding strongly, interest rates generally headed lower. A growing body of Wall Street economists, among them Mr. William Griggs of Schroders in New York, are suggesting that in fact monetary policy may be too easy at this point with reserves too readily available at the commercial banks

In sharp contrast, in the long-term bond markets prices plunged to record lows as medium and long Treasury bonds for the first time registered yields of over 11 per cent. A common thread unites the contrasting movements of short- and long-term rates, namely inflation.

As Mr. Alan Lerner of Bankers Trust put it, bond prices suffered because "investors have abandoned hope of any early abatement in the rate of inflation." That this grim perception failed to make an impact on the short-term money markets is largely because investors are increasingly coming to the conclusion that the Federal Reserve is reluctant to take any steps to tighten monetary policy further in its fight against inflation, unless pushed by the foreign exchange markets. It is suggested that this may be because of doubts about whether further modest credit tightening—all that is politically acceptable—will have much impact on the inflation rate.

The Fed, of course, is not going to say that publicly. On the contrary it can readily point to the fact that the U.S. money supply is growing well within its target ranges to justify an unchanged monetary policy. So when the central banks' monetary policy arm, the Federal Open Market Committee (FOMC) meets this week to determine the course of monetary policy, it is widely expected that it will not move to tighten credit further. Last week's rise in unemployment will be another factor dictating caution.

The FOMC meeting will be just one challenge for the markets this week. An even bigger one will be the quarterly refunding by the U.S. Treasury which gets under way on Tuesday. The $7.25bn of Treasury securities to be offered have hung over the market for the last couple of weeks during which the tone of the bond market has not improved.

The Chase Manhattan Bank's money market report suggests there might be reasonable demand from banks, pension funds and individuals for the $3.25bn of 3¼-year notes for sale tomorrow and the $2bn of 7¼-year notes to be sold on Wednesday. But it questions the market's enthusiasm for the $2bn of 30-year bonds for sale on Thursday.

Thursday will also see the Federal Reserve's announcement of newly defined measures of the money supply.

U.S. INTEREST RATES

	Week to Feb. 1 %	Week to Jan. 25 %
3-mth. Treasury Bill	12.06	12.30
3-mth. comcl. paper	13.05	13.0
Federal funds	13.13	13.93
Treasury 30-year ...	11.08	10.85
Long-trm AAA utility	12.375	12.0
Long-trm AA indstrl.	11.875	11.63

Source Salomon Brothers

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	85⅝	86	−0⅛	−1⅜	12.65
Alex Howden XW 9½ 91	30	75	77	0	−1	13.78
Aquitaine Can. 11¾ 85	30	93⅛	93⅝	0	−0⅛	13.07
Australian Res. 9⅜ 84	30	89⅛	89⅝	+0⅛	−0⅞	12.83
Avco O/S Cap. 10⅜ 87	40	†78½	79	0	−0⅛	15.24
Beneficial Fin. 8⅞ 87	100	86	86½	+0⅛	−0⅝	12.68
CECA Grad. Rate 12 86	100	93¾	94¼	−0⅛	−1⅛	13.31
CECA 9⅜ 99	125	†77⅛	77¾	0	−0⅝	13.38
Canadian Pacific 9⅜ 89	50	85⅝	85⅝	+0⅛	−1⅛	12.47
Carter Hawley 9⅜ 86	50	85⅞	86⅜	+0⅛	−0⅛	13.04
Comalco Inv. E. 10⅛ 91	40	86⅛	86⅞	−0⅛	−0⅞	12.48
Continental Grp. 9⅜ 85	100	85⅝	86⅛	0	−1⅜	12.98
[illegible] Petroleum 10 84	50	82⅝	83⅛	+0⅛	−0⅞	12.61
Dominion Bridge 10⅜ 84	30	90½	91	+0⅛	−1⅛	13.12
[illegible] 11⅜ 92	80	90½	90⅞	−0⅛	−2⅛	13.36
[illegible] 10 89	150	*80⅝	81⅛	0	−1⅛	13.07
[illegible] 10⅛ 87	100	†88⅞	89⅛	+0⅛	−0⅛	12.89
[illegible] 10.15 99	100	†82	82½	+0⅛	−1⅛	13.02
[illegible] 11⅜ 87	50	93⅛	93¾	+0⅛	−1⅛	12.71
Export Dv. Cpn. 9⅝ 84	100	90⅝	90⅝	0	−0⅛	12.38
Export Dv. Cpn. 9⅞ 84	150	91⅛	91⅝	+0⅛	−0⅛	12.28
Finland 9⅜ 89	100	84⅛	85	+0⅛	−1⅞	12.82
GTE Finance 9⅞ 89	56	85⅛	85¾	+0⅛	−1⅛	12.42
[illegible] 9¼ 86	100	85⅞	85⅝	0	−0⅛	12.51
[illegible] O/S Fin. 11 84	100	95⅞	95⅜	+0⅛	0	12.30
[illegible] Fin. 9⅜ 85	50	88⅛	88⅝	0	−1	12.36
[illegible] 9½ 89	75	83⅛	83⅞	−0⅛	−0⅛	12.60
[illegible] Int. 9½ 86	100	83⅞	84⅜	+0⅛	−0⅛	13.38
[illegible] 9½ 89	75	82⅞	83⅛	+0⅛	−0⅛	12.77
[illegible] 10 84	125	84⅛	84⅞	0	−1½	12.32
Nat. Dev. Telecm. 9½ 86	100	87⅛	87⅝	0	−0⅛	12.45
New Brunswick 9⅜ 94	75	80⅝	81⅛	+0⅛	−1⅛	12.71
Newfoundland 10 94	50	82⅜	82⅞	−0⅛	−2½	12.70
Norges Komm. 9⅞ 99	100	81⅛	81⅛	0	−3⅛	12.81
Norway 9½ 84	150	90⅛	90⅞	+0⅛	−0⅛	12.44
Nova Scotia Pwr. 9⅜ 89	50	83⅝	84	+0⅛	−0⅛	12.82
Occidental Fin. 10⅛ 84	50	91⅞	92⅛	0	−2⅛	12.68
Orient Leasing 9½ 86	25	86½	87	0	−2⅛	12.60
Pennwalt O/S F. 9⅜ 84	25	90	90½	+0⅛	−0⅛	12.78
Pepsico Cap. 9⅛ 84	100	90½	91	0	−0⅞	12.25
Quebec Hydro 10 99	75	79⅜	79⅞	0	−1⅞	12.89
Sears Roebuck 9 82	150	93⅛	93⅞	+0⅛	0	12.73
Statoil 9⅜ 89	100	83⅞	84⅜	−0⅛	−1½	12.55
Sweden 9⅜ 89	100	83⅞	84⅜	−0⅛	−1⅞	12.75
Sweden 9½ 86	200	87⅛	88⅛	−0⅛	−2⅛	12.73
Sweden 9⅜ 84	100	91	91½	+0⅛	−0⅞	12.34
Unilever NV 9⅛ 87	100	85⅜	85⅞	−0⅛	−0⅛	12.28
Warner-Lambert 9 84	100	89	89½	0	−1⅛	12.26
Average price changes... On day 0 on week −1⅛						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	97⅞	98⅜	0	−0⅛	8.35
Argentina 7½ 89	150	90⅞	91⅜	0	−0⅛	8.92
Asian Dev. Bk. 7⅞ 89	100	92	92½	0	−0⅛	8.44
Barclays O'seas. 6⅞ 89	100	90⅝	91⅛	−0⅛	−0⅛	8.19
Brazil 8 87	150	93½	94	+0½	−1	9.20
CECA 7 91	150	91⅞	92⅜	0	−1½	8.14
Council of Eur. 7⅛ 89	100	94⅛	94⅞	−0⅛	−0⅛	8.11
EEC 7⅜ 94	225	96⅝	97⅛	0	−0⅞	8.23
EIB 7½ 89	200	94⅛	95⅛	0	−1⅛	8.28
Finland, Rep. of 8 86	150	98½	99⅛	−0⅛	−0⅛	8.21
Kobe, City of 7⅜ 89	150	94⅞	95⅛	−0⅛	−1⅛	7.83
Mitsubishi Chem. 6½ 84	70	94½	95⅛	−0⅛	−2⅛	7.96
Neder. Gasunie 8 86	100	102	102½	0	−0½	7.56
New Zealand 7½ 87	200	94½	95½	0	−1⅛	7.99
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	89⅝	90¼	0	−0⅛	8.82
Australia 6½ 88	20	85½	86½	+0⅛	0	9.00
EIB 7⅛ 89	12	97⅞	98⅜	0	−0⅛	8.05
Finland 5.6 83	10	89⅝	90⅝	0	0	8.91
Finland 6.8 88	10	87½	88½	0	+0⅛	8.96
Average price changes... On day 0 on week −0⅛						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10¼ 86 C$	25	84⅞	85½	−0⅛	−1⅛	13.88
Bell Canada 10¼ 86 C$	60	90⅜	90⅞	+0⅛	−2⅛	12.90
Cr. Foncier 10⅜ 84 C$	30	89⅛	90	−0⅛	−0⅛	13.49
Ex. Dev. Cpn. 10 84 C$	50	91	91½	+0⅛	−0⅛	12.73
Fst. Can. Inv. 10 84 C$	60	†89	89½	+0⅛	−1½	13.41
Hudson Bay 10½ 89 C$	60	86⅛	86⅝	+0⅛	−2⅛	13.11
Quebec 10⅜ 86 C$	50	89⅛	89⅞	+0⅛	−0⅛	12.78
R. Bk. Canada 10 86 C$	40	89⅛	89⅝	+0⅛	−1½	12.48
R. Bk. Canada 10 94 C$	40	83⅝	84⅛	−0⅛	−0⅛	12.43
Copenhagen 8¼ 91 EUA	20	98⅝	99⅜	0	0	8.84
M. Bk. Dnmk. 9 91 EUA	25	95⅝	96⅛	0	0	9.53
SOFTE 8¼ 89 EUA	40	88	89	0	−0½	10.23
Algemene Bk. 8¼ 84 Fl	75	97⅛	97⅝	0	−0⅛	8.91
Ned. Gasunie 8⅜ 84 Fl	50	98	98½	−0⅛	−0½	9.22
Ned. Middbk. 8⅜ 84 Fl	75	96⅝	97⅛	−0⅛	0	9.17
Norway 8¼ 84 Fl	100	96	96½	0	0	9.38
Norway 8¼ 84 Fl	100	95⅞	96⅜	−0⅛	−0⅛	9.29
Philips Lamps 8¼ 84 Fl	75	96⅝	97⅛	+0⅛	0	9.22
Air France 11 84 FFr	120	96⅞	97⅞	−0⅛	−0½	11.73
Euratom 9⅞ 87 FFr	150	85⅝	86⅝	−0⅛	−0⅛	12.80
Finland 11 84 FFr	80	95⅛	96⅛	+0⅛	+0⅛	12.24
Finland 11½ 89 FFr	70	94⅝	95⅛	0	0	12.46
Gaz de France 11 84 FFr	150	96⅞	97⅞	−0⅛	−0⅛	11.72
IBM France 11⅞ 84 FFr	[illegible]	96⅝	97⅛	0	0	12.79
Renault 9⅞ 85 FFr	100	86⅞	87⅞	−1⅛	−1⅛	13.10
Saint-Gobain 8⅞ 88 FFr	130	85⅛	86⅛	−0⅛	0	13.16
Solvay et Cie 9⅞ 87 FFr	175	83⅛	84⅛	0	−0⅛	13.41
Total Oil 9⅜ 87 FFr	150	83⅛	84⅛	+0⅛	+0⅛	13.03
EIB 11½ 91 £	25	85⅝	86⅝	−0⅛	−1½	14.00
Finance for Ind. 13 91 £	15	95⅛	95⅞	−0⅛	−1⅛	13.80
Fin. for Ind. 12½ 89 £	30	91⅛	91⅞	−1½	−2⅞	14.15
Gen. Elec. Co. 12½ 89 £	50	92⅞	93⅞	+0⅛	−1⅛	13.80
Indonesia 8⅜ 91 KD	7	*†92⅞	93⅝	0	0	9.76
Mitsubishi 7½ 84 KD	10	a†95⅛	95⅞	0	0	8.69
Norges Kom. 7½ 89 KD	12	*†93⅛	93⅞	0	0	8.51
Occidental 8⅝ 91 KD	7	*†90⅛	90⅝	0	0	9.66
Akzo 9⅛ 87 LuxFr	500	94⅞	95⅞	0	0	10.12
Euratom 8 87 LuxFr	500	90⅛	91⅛	0	−0⅛	9.83
Euratom 9⅜ 88 LuxFr	500	99⅛	100⅛	+0⅛	+0⅛	9.79
Oslo, City of 8 89 LuxFr	500	90½	91½	0	0	9.50
Volvo 9⅜ 87 LuxFr	500	98⅛	99⅛	+0⅛	+0⅛	9.98

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5¼ 87	0¼	97⅞	98⅞	2/7	15⅛	15.41
Banco di Roma Int. 6 87	0¼	99½	100	26/4	15⅝	15.79
Banco Urquijo 6 85	0¼	97⅝	98⅛	21/3	13⅛	13.65
Bank of Ireland 5¼ 89	‡0⅛	97⅝	97⅞	21/2	15.69	16.07
Bank of Tokyo 5¼ 89	‡0⅛	97⅝	98⅛	25/4	14.56	14.88
Barclays O/S Inv. 5 90	0⅛	97½	97⅝	13/6	14⅛	14.63
Bergen Bk. A/S 6 89	‡0⅛	96⅝	97⅛	29/2	14.31	14.77
Bque. Indo Suez 5¼ 89	0⅛	98⅛	98⅝	11/7	14.69	14.91
Citicorp O/S F. 6 94	‡0¼	98⅝	99⅛	8/3	14.44	14.80
Citicorp O/S F. 83	§‡0	99⅝	100⅛	23/2	15⅛	15.14
Citicorp O/S F. 84	‡0	99⅛	99⅝	29/2	14⅝	14.70
Co-operative Bk. 6 86	0¼	97⅝	98⅛	16/5	15.06	15.39
Creditanstalt 6½ 91	§‡0¼	98⅛	98⅝	14/3	14⅞	15.10
CNT 5¾ 86	§0¼	99½	100	16/4	15.19	15.23
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.41
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.46
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.60
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.58
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.57
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.01
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.02
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.01
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.23
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.81
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.83
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.71
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.90
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.73
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.67
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	13.38
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.17

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−7.74
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.22
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10.77
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.95
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−0.14
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.21
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.94
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−3.08
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.22
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.83
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	22.55
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.73
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−4.23
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	12.57
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.41
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.56
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	21.38
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.93
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18.35
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	11.84

BONDTRADE INDEX AND YIELD

	Medium term		Long term	
Feb. 1 ...	90.06	10.71	78.13	11.71
Jan. 25 ...	90.40	10.58	79.19	11.50
High '80 ...	91.03	(2/1)	81.19	(2/1)
Low '80 ...	90.06	(31/1)	78.13	(1/2)

EUROBOND TURNOVER
(nominal value in $m)

	Cedel	Euroclear
U.S. $ bonds		
Last week	454.7	1,878.7
Previous week ...	573.5	1,523.8
Other bonds		
Last week	355.8	354.1
Previous week ...	351.7	315.7

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Arab Company for Trading Securities SAK; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Internationale Luxembourg; Kredietbank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Bondtrade; Banque Francaise de Credit International; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nesbitt Thomson; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on February 1

WORLD STOCK MARKETS

NEW YORK

CANADA

HOLLAND

JAPAN

ITALY

NORWAY

SWEDEN

SWITZERLAND

AUSTRALIA

SINGAPORE

SOUTH AFRICA

Financial Rand US$1.10½ (Discount of 10%)

BRAZIL

TEL AVIV

HONG KONG

FRANCE

AUSTRIA

BELGIUM/LUXEMBOURG

GERMANY

DENMARK

Spanish prices, Page 12

NOTES:—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK—DOW JONES

	Feb. 1	Jan. 31	Jan. 30	Jan. 29	Jan. 28	Jan. 25	1979-80 High	1979-80 Low	Since Compiln High	Since Compiln Low
● Industr'ls	881.48	875.85	881.31	874.40	878.58	876.11	887.61 (6/10)	796.67 (7/11)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	71.01	71.25	71.24	71.38	71.44	71.89	86.10 (15/8)	71.01 (1/2/80)	—	—
Transport.	283.50	281.88	280.82	277.17	277.87	275.89	283.50 (1/2/80)	205.78 (27/2)	281.88 (31/1/80)	12.23 (8/7/32)
Utilities	110.32	110.15	109.27	107.75	107.75	107.58	110.32 (1/2/80)	98.24 (24/10)	163.32 (20/4/69)	10.52 (28/4/42)
TradingVol 000's†	46,510	55,300	51,170	56,460	53,826	47,100	—	—	—	—

●Day's high 884.64 low 866.30

Ind. div. yield %	Jan. 25	Jan. 18	Jan. 11	Year ago (approx)
	6.40	6.40	6.30	5.66

STANDARD AND POORS

	Feb. 1	Jan. 31	Jan. 30	Jan. 29	Jan. 28	Jan. 25	1979-80 High	1979-80 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	130.15	128.99	130.25	128.85	129.75	128.16	130.25 (30/1/80)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	115.12	114.16	115.20	114.07	114.85	113.61	115.20 (30/1/80)	98.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Jan. 30	Jan. 23	Jan. 16	Year ago (approx)
Ind. div. yield %	4.89	4.97	5.11	4.99
Ind. P/E Ratio	8.29	8.14	7.95	9.05
Long Gov. Bond Yield	11.16	10.68	10.39	8.84

N.Y.S.E. ALL COMMON

Feb. 1	Jan. 31	Jan. 30	Jan. 29	1979-80 High	1979-80 Low
66.08	65.61	66.14	65.49	66.14 (30/1/80)	53.88 (27/3)

Rises and Falls

	Feb. 1	Jan. 31	Jan. 30
Issues Traded	1,868	1,906	1,908
Rises	786	628	904
Falls	672	912	623
Unchanged	410	366	376
New Highs	152	224	152
New Lows	39	39	38

MONTREAL

	Feb. 1	Jan. 31	Jan. 30	Jan. 29	1979-80 High	1979-80 Low
Industrial	371.26	371.82	368.98	357.88	371.82 (31/1/80)	219.19 (2/1)
Combined	345.85	344.71	341.84	333.78	344.71 (31/1/80)	225.80 (2/1)
TORONTO Composite	2032.6	2027.7	2025.6	1988.7	2032.6 (1/2/80)	1315.9 (2/1)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Rosario Rarcs.	1,070,700	74½	−½	Amer. Tel. Tel.	543,000	50⅝	+⅛
Howard Johnson	955,200	23⅝	−1¾	Baxter Lab.	503,700	42⅝	+⅜
Mobil	720,100	61	+2⅝	Exxon	441,000	62⅞	+2
Texaco	639,700	36⅝	+⅜	Westng. Electric	424,300	25⅞	−⅛
Chrysler	614,600	10⅞	+⅜	Citicorp	402,800	21⅞	—

	Feb. 1	Jan. 31	Jan. 30	Jan. 29	1979-80 High	1979-80 Low
AUSTRALIA Sydney All Ord. (1936/59)	870.14	862.87	855.17	844.15	870.14 (1/2/80)	545.72 (2/1/79)
Metals & Minls (1936/59)	5888.32	5825.79	5708.88	5615.54	5868.32 (1/2/80)	2587.34 (2/1/79)
AUSTRIA Credit Aktien (2/1/62)	88.59	88.69	88.63	88.66	89.40 (7/1/80)	81.55 (2/8)
BELGIUM Belgian SE (31/12/65)	105.55	105.29	103.06	102.16	109.47 (5/10)	98.80 (5/1/79)
DENMARK Copenhagen SE (1/1/73)	81.64	81.56	81.48	81.62	97.46 (25/7)	81.48 (30/1/80)
FRANCE CAC General (29/12/61)	109.4	109.7	109.5	109.1	115.1 (3/10)	82.4 (16/2)
Ind Tendance (29/12/78)	107.0	107.1	106.5	106.4	107.1 (31/1/80)	85.6 (8/1/80)
GERMANY FAZ-Aktien (31/12/58)	228.28	227.63	224.6	224.1	265.60 (16/1/79)	216.11 (21/1/80)
Commerzbank(Dec.1953)	720.40	715.8	706.8	704.6	859.80 (16/1/79)	686.5 (21/1/80)
HOLLAND ANP-CBS General (1970)	84.5	84.8	84.5	84.6	94.2 (24/1/79)	81.8 (27/1/80)
ANP-CBS Indust. (1970)	67.2	67.6	67.0	67.1	85.9 (24/1/79)	65.5 (21/1/80)
HONG KONG Hang Seng Bank(31/7/64)	893.77	907.50	913.59	936.63	936.63 (29/1/80)	495.83 (2/1/79)
ITALY Banca Comm. Ital (1972)	92.25	90.89	90.93	91.57	93.65 (4/10)	68.38 (2/1/79)
JAPAN Dow Average (16/5/49)	6777.64	6768.16	6776.80	6770.83	6777.64 (1/2/80)	5825.87 (10/4)
Tokyo New SE (4/1/68)	467.77	467.66	468.10	467.72	468.10 (30/1/80)	435.13 (13.7)
NORWAY Oslo SE (1/1/72)	134.88	136.47	138.39	135.86	142.22 (15/12)	74.45 (18/1)
SINGAPORE Straits Times (1966)	474.39	469.81	469.88	462.18	474.39 (1/2/80)	346.34 (23/2)
SOUTH AFRICA Gold (1958)	534.0	(u)	542.6	527.7	556.9 (14/1/80)	228.49 (1/74)
Industrial (1958)	469.2	(u)	459.6	456.0	475.9 (15/1/80)	270.30 (2/1/79)
SPAIN Madrid SE (28/12/79)	100.49	108.35	108.15	100.44	102.22 (18/1/80)	99.31 (15/1/80)
SWEDEN Jacobson & P. (1/1/58)	374.79	374.32	379.21	377.37	401.34 (6/2)	331.37 (24/9)
SWITZERLAND Swiss Bank Cp. (31/12/58)	311.3	311.2	309.8	307.4	329.10 (2/5)	284.90 (5/1/79)
WORLD Capital Intl. (1/1/70)	158.6	—	159.3	159.3	159.3 (31/1/80)	122.2 (1/5)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

BOARD MEETINGS—
Finals:
Lonrho
Pentland Invest. Tst.
UC Investments
Interims:
Apex Properties
Ashley Industrial Trust
Hillards
Vibroplant

DIVIDEND & INTEREST PAYMENTS—
COMPANY MEETINGS—
Anderson Strathclyde 1p
Central Manufacturing and Trading 1.65p
Doornfontein Gold Mng. 10.89649p
Elliott (B.) 5p
Exchequer 9½pc 1981 4¾pc
Huntingdon and Peterborough 9¼pc 81-83 4⅝pc
May and Hassell 1.3p
Nat. Carbonising Ord. Units 0.7p
Ransome Hoffmann Pollard 3.48p
Renwick 1.5p
Tongaat Corogroup 4cts.
Warner Holidays Ord. and A. Ord. 0.5p
West Driefontein Gold Mng. 163.29734p

TOMORROW

COMPANY MEETINGS—
Baggeridge Brick, Midland Hotel, Birmingham, 12.30
Elson and Robbins, The Post House, Bostocks Lane, Sandiacre, Notts., 11.00
Kelsey Inds., Kelsey House, Wood Lane End, Hemel Hempstead, 11.00
Tomkinsons Carpets, Duke Place, Kidderminster, Worcestershire, 12.00

BOARD MEETINGS—
Finals:
Aaronson Brothers
English & New York Trust
Interims:
Crouch Group
Steinberg
Unitech

DIVIDEND & INTEREST PAYMENTS—
British Invest. Tst. Db. 2pc
Cardiff Malting, 1p
Continental and Industrial Tst., 3p. Do. 2.8p
East Driefontein Gold Mng. 65.31892p
Elson and Robbins 3.491p
Flexello Castors and Wheels 2.32p
Kloof Gold Mining 43.54595p
Libanon Gold Mng. 27.21622p
Scotros Ln. 3pc
Scottish Northern Invst. Tst. 4¼pcPf. 1.6625pc
Tomkinsons Carpets 2p
Trustees Cpn. 0.9p
Venterspost Gold Mng. 35.38108p
Vlakfontein Gold Mng. 10.88649p

WEDNESDAY 6 FEBRUARY

COMPANY MEETINGS—
Fairline Boats, The Great Northern Hotel, Peterborough, 3.00
ICL, Plaisters Hall, 1 London Wall, E.C., 12.00
Piccadilly Theatre, Piccadilly Theatre, Denman Street, W., 10.00
Richards, Broadford Works, Maberley St., Aberdeen, 12.00
Shrewsbury and Wem Brew, The Brewery, Wem, Shropshire, 11.30

BOARD MEETINGS—
Finals:
Sterling Trust
Interims:
Benn Brothers
Dowty
Smith Bros.

DIVIDEND & INTEREST PAYMENTS—
A.D. Intnl. Ln. 4½pc
Baggeridge Brick, 2.5p
Beechwood Construction, 0.62p
British American and General Tst. Ln., 2pc
English and New York Tst. Ln., 2¼pc
Fairline Boats, 3.5p
Hapoalim Intnl. NV Gtd. Fltg. Rate Notes 1983 $U.S.584 58
Holyrood Rubber, 14p
Hongkong (Selangor) Rubber, 8p
Imperial Chemical Ind. Ln., 5¼pc
Intnl. Distillers and Vintners Ln., 4¼pc
Kelsey Inds., 4.5p
Kuala Selangor Rubber Ord. Units, 4p
New Throgmorton Tst. Ln., 3½pc
Owen and Robinson A. and B. Ord. 6p
Pentland Invst. Tst., 0.83p
Piysu 0.8766p
Russell Bros. (Paddington), 1.25p
Thorn Electrical 5pc Cnv. Ln. 90-94 Compulsory conversion or at holders' opt.
Trafalgar House, 2.5p
Webster (Sml.) Db. 3¼pc

THURSDAY 7 FEBRUARY

COMPANY MEETINGS—
Akroyd and Smithers, Austin Friars House, 2-6, Austin Friars, E.C., 12.30
Guinness (Arthur), Park Royal Brewery, N.W., 2.45
Hawkins and Tipson, Grosvenor House Hotel, Park Lane, W., 5.30
Murray Minor Invst. Tst., 8, Crosby Square, London, 4.00
North Midland Construction, Portland Works, Portland Street, Daybrook, Nottingham, 12.00
Trans Oceanic Tst., 120 Cheapside, E.C., 10.30

BOARD MEETINGS—
Finals:
Plastic Constructions
Scottish Agricultural Industries
Interims:
M. L. Holdings
Ransom (William)

DIVIDEND & INTEREST PAYMENTS—
Bell and Sime, 1.75p
Buffelsfontein Gold Mining 160 cts.
Burroughs Cpn., 55cts.
Crystalate 1.155p
EMI Ln., 4¼pc
Elsburg Gold Mng., 22.75cts.
Haslemere Ests., 1.25p
Hinton (Amos) Ln., 3¼pc
Maple Ln., 5¼pc
Moran (Christopher), 1.1p
North Midland Construction, 1p
Richards, 1.15p
Stilfontein Gold 100cts.
Tex Abrasives, 0.75p
West Rand Consd., 10cts.

FRIDAY 8 FEBRUARY

COMPANY MEETINGS—
Eldridge Pope Dorchester Brew., Dorchester, Dorset, 12.15

BOARD MEETINGS—
Final:
Hirst & Mallinson
Interim:
Watshams

DIVIDEND & INTEREST PAYMENTS—
Akroyd and Smithers, 15p
Austin (E.) (London), 1.7p
Baker Perkins, 2.1p
British Tar Prods., 0.6p
Brown (Matthew), 3.8264p
Cattle's 1p
Causton (Sir Joseph), 1.0783p
Comet Radiovision Services, 3.39p
Construction Hldgs., 9.5p
Control Secs., 0.7p
Dom Hldgs., 1.972p
Greene King 4p
Illingworth Morris Ord. and A 0.55p
London Merchant Secs., 0.4p
Middle Witwatersrand (Western Areas) 7.530607p
Murray Minor Invst. Tst., 1.55p
Norton and Wright, 1.2808p
Phoenix Timber, 2p
Private Invst. for Asia S.A. Fltg. Rate 1986 $U.S.298.88 per $5,000 note.
Randfontein Ests., 350cts.
Reed Intnl. Db. 3½pc (90-95). Do. Ln. 5pc
Sonic 1p
Technology Invst. Tst., 1.5p. Do. 0.36p
Utd. British Secs. Tst., 2.25p
Western Areas, 36cts.
Zandpan Gold Mining 26 89502¼p

SATURDAY 9 FEBRUARY

DIVIDEND & INTEREST PAYMENTS—
Kensington and Chelsea Variable Rate Red. 1982 £8.5625
Paterson (R.), 0.625p

SUNDAY 10 FEBRUARY

DIVIDEND & INTEREST PAYMENTS—
Greater London 12½pc 1983 6¼pc
Malaysia 7¼pc 78-82, 3⅝pc

U.K. INDICES

FINANCIAL TIMES

Average week to	Feb. 1	Jan. 25	Jan. 18
Govt. Secs.	67.34	68.59	68.25
Fixed Int.	68.77	69.49	68.63
Indust. Ord.	455.3	451.9	450.7
Gold Mines	331.9	325.7	342.6
T'd bargains	21,649	24,270	26,905

FT ACTUARIES

Capital Gds.	233.98	231.02	226.76
Consumer (Durable)	217.50	211.39	206.28
Cons. (Non-Durable	221.23	223.11	221.77
Inds. Group	227.32	225.98	223.39
500-Share	267.78	263.82	261.58
Financial Gp	195.96	192.66	189.91
All-Share	251.00	246.86	244.05
Red. Debs.	51.38	50.89	50.09

Parliament business this week

TODAY

COMMONS—Debate on Welsh affairs. Motion on European Community documents on construction products.

LORDS—Deaconesses and Lay Workers (Pensions) Measure. New Hebrides Bill, second reading. Competition Bill, second reading.

SELECT COMMITTEES—Home Affairs. Subject: Deaths in police custody. Witnesses: Lord Belstead, Home Office Under Secretary and Home Office officials (4.30 p.m., Room 8). Public Accounts. Subject: Effect of the Iranian crisis on Ministry of Defence sales including Royal Ordnance Factory and International Military Services. Witnesses: Ministry of Defence (4.45 p.m., Room 16). Treasury and Civil Service. Subject: Efficiency of the Civil Service. Witness: Mr. Paul Channon, Minister of State, Civil Service Dept. (5 p.m., Room 15).

TOMORROW

COMMONS — Local Government Planning and Land (No. 2) Bill, second reading. Motions on EEC documents concerning the general energy programme, nuclear power station finances and the plutonium safety cycle.

LORDS—Criminal Justice (Scotland) Bill, committee stage.

SELECT COMMITTEE—Foreign Affairs. Overseas Development Sub-Committee. Witnesses: Overseas Development Administration (5 p.m., Room 16).

WEDNESDAY

COMMONS — Industry Bill, remaining stages.

LORDS—Debate on the threat to international security caused by Russian invasion of Afghanistan.

THURSDAY

COMMONS — Industry Bill, remaining stages.

LORDS—Slaughter of Animals (Scotland) Bill (consolidation measure). Protection of Trading Interests Bill, committee stage. Prayer to annul rules of the Supreme Court (Write and Appearance) 1979. Criminal Justice (Amendment) Bill.

INSURANCE

Protection against car breakdowns

BY OUR INSURANCE CORRESPONDENT

FIVE YEARS ago in Motoring Which? the Consumers' Association came up with this conclusion, based on a survey of 25,000 members' cars:

"If your car is less than two years old you have got about a one-in-three chace of it surviving the year without major troubles. If your car is more than three of four years old your chances of getting away without major trouble fall to one in six."

There is no reason to assume that a similar survey today would produce any substantially different comment: indeed, the odds might have worsened. So the individual motorist and the smaller company clearly face the real risk of an unwelcome and unbudgeted repair bill, a bill which is not covered by the normal form of comprehensive motor insurance.

But it is possible to buy cover. There are a number of schemes offering what has come to be called "motor warranty cover," or "extended warranty cover," though surely "car breakdown insurance" is a much more readily understood phrase?

Transatlantic in origin, car breakdown insurance has developed fast in the past five years or so, though so far no major composite insurer has taken a sufficiently optimistic view of the underwriting prospects to start writing this kind of cover. The field has been left to a number of small companies, Lloyd's Underwriters, and to overseas insurers: for example, the Automobile Association's scheme is backed by a U.S. company, the New Hampshire.

But not all the breakdown cover offered by motor dealers in recent years has been backed by an insurer—this has been a cause of concern both to the Society of Motor Manufacturers and Traders, and the Department of Trade.

The finance houses—including Bowmakers, United Dominions Trust and, more recently, Lloyds and Scottish—have been among the strongest advocates and purveyors of breakdown cover, but not without a degree of self-interest: for not only does the cover protect the finance house's investment in the cars that are being purchased with its help—the finance house also earns a commission on the cover it sells.

UDT has just revised its scheme, which is underwritten at Lloyds. On new cars cover is provided for one or two years from the time the manufacturers' 12-month warranty ends: on used cars—which must be less than five years old and have travelled less than 50,000 miles—it takes over for 11 or 23 months, when the dealer's one-month warranty ends.

Cover is for a maximum of £500 on any one claim, and within this limit insurers undertake to pay for the full retail cost of parts and labour in respect of major mechanical, electrical, and steering components that are detailed in the handbook, without any contribution from the motorist. There is no limit to the number of claims that can be made in the period of insurance, nor is there any overall financial limit to the total cost of those claims.

Ancilliary benefits include first, membership of the Car Recovery Service Club which operates a 24-hour service to rescue the car and carry its marooned occupants to their destination, and second car hire cover—up to £12 a day for a maximum of 10 days—while one's own car is under repair.

Premium is £60 for a year's cover, £90 for two years cover, which may appear a little expensive compared with last year's average rates for breakdown cover. But the financial scope of UDT's cover is, I think, wider than most, and in any event premiums for breakdown cover, just like premiums for traditional motor insurance, must rise for inflation; so other insurers' rates are likely to catch up. But for the cost of spares and labour, £1.15 a week for one year's cover, 86p a week for two years' cover, must be a very reasonable price to pay.

APPOINTMENTS

Board posts at Midland Bank

Mr. G. W. Taylor, Mr. D. W. C. Kitching and Mr. J. A. Brooks, assistant chief general managers at MIDLAND BANK, have been appointed to the Board.

★

On February 11, Mr. Shigeo Oishi will resign as deputy managing director of SUMITOMO FINANCE INTERNATIONAL in order to become a director of Japan International Bank. In view of Mr. S. Oishi's departure, Mr. Iwao Hirano has been appointed deputy managing director. Mr. Hirano has been deputy general manager and chief economist of the Sumitomo Bank, New York branch.

★

Mr. David Trezies has been appointed as chief executive of the aviation division of REED STENHOUSE MARKETING.

★

Mr. Keir John Hopkins, who was manager of advanced systems sector in ICL Dataskil, has been appointed managing director of BARIC COMPUTING SERVICES. Baric Computing Services is jointly owned by International Computers and Barclays Bank. Previous managing director at Baric was Mr. Peter Holland who moves into ICL to take over as director of corporate information systems.

★

Mr. John D. Bardner has been appointed a main Board director of LETRASET INTERNATIONAL. He was appointed managing director of the Group's graphics division in October, 1978 and continues in that role, having moved to the UK.

★

Mr. M. J. B. Roberts and Mr. R. J. L. Hall will be taken into the partnership of MONTAGU, LOEBL, STANLEY AND COMPANY, stockbrokers, on April 14.

★

C. E. HEATH AND COMPANY (AVIATION) has made the following appointments: Mr. J. R. Mikami, chairman of C. E. Heath and Company (Aviation), is re-appointed managing director. Mr. J. A. E. Bassett is appointed executive director with responsibility for aviation reinsurance business and Mr. R. P. Marsh has become executive director with responsibility for aviation direct business. Mr. S. C. Pritchard has been made a director.

★

Mr. M. C. Fetherstone-Dilke has been appointed a director of ELECTRICAL PRESS, a subsidiary of The British Electric Transaction Company.

★

Mr. Frank Hall, finance director of Visionhire and British Relay, has succeeded Mr. Dennis Heightman, as chairman of the CABLE TELEVISION ASSOCIATION. Mr. Heightman remains a member of the Council of the Association. Mr. Maurice Townsend has succeeded Mr. Hall as deputy chairman.

★

Mr. R. J. Warren is joining the Board of HUMPHRIES HOLDINGS in a non-executive capacity. He is also a member of the B.E.T. executive. Mr. John G. Nutman has resigned from the Board and his directorships of subsidiary companies.

★

Mr. E. J. B. Rose will be retiring from the Board of PENGUIN BOOKS on May 1, and will become non-executive chairman of the Board of the parent company, The Penguin Publishing Company working part-time.

★

The Transport Minister has made two new appointments to the Boards of BRITISH RAILWAYS and the NATIONAL FREIGHT CORPORATION.

Mr. Roderick MacLeod, senior managing director of Ben Line Steamers has been appointed a part-time member of the British Railways Board, from June 3. He will succeed Lord Taylor of Gryfe as representative of Scottish interests on the Board.

Mr. Peter Scott, a director of Sir Robert McAlpine and Sons has been appointed a part-time member of the Board of the National Freight Corporation.

★

The Industry Secretary has appointed Mr. David Cormie as a part-time member of the POST OFFICE BOARD for three years from February 1. He is finance director of Reed International.

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	International Spring Fair (Consumer Goods) (01-499 7324) (until Feb. 7)	NEC, Birmingham
Current	INFEX—International Floorcoverings Exhibition (01-236 0913) (until Feb. 7)	Hotel Metropole, Brighton
Feb. 6—8	Interflow '80—Fluid Handling Exhibition (01-680 7525)	Harrogate
Feb. 8—9	Cruft's Dog Show (01-493 7838)	Earls Court
Feb. 12—15	INFO 80—International Business Computing, Word Processing and Information Management Exhibition (01-647 1001)	Cunard International, London
Feb. 17—21	International Men's and Boys' Wear Exhibition—IMBEX (021-705 6707)	Olympia
Feb. 18—21	European Information Management Exhibition and Conference (01-995 4806)	Wembley Conference Centre
Feb. 25—29	International Electrical Exhibition (0483 222888)	NEC, Birmingham
Feb. 25—29	International Instruments, Electronics and Automation Exhibition (021-705 6707)	NEC, Birmingham
Feb. 25—29	International Pneumatics and Hydraulics Exhibition, including Compressors and Power Transmission Equipment (021-705 6707)	NEC, Birmingham
Feb. 26—28	Drawing Office Show—DOMMDA (01-242 3621)	Wembley Conference Centre
Feb. 29—Mar. 9	Camping, Outdoor Holiday Exhibition and Motor Caravan Show (01-262 2886)	Olympia
Mar. 2—6	Autoquip Exhibition (01-235 7000)	Wembley Conference Centre
Mar. 2—6	International Contract Furnishing and Interior Design Exhibition (01-540 1101)	Olympia

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	International Boat Show (until Feb. 10)	Vancouver
Current	International Jewellery, Gold and Silver Exhibition—Jewelmex (01-580 5816) (until Feb. 8)	Bahrain
Feb. 7—11	Men's Fashion Show—PITTI UOMO	Florence
Feb. 9—15	International Games and Toys Exhibition (01-439 3964)	Paris
Feb. 11—14	Israeli Fashion Week (01-937 8050)	Tel Aviv
Feb. 11—15	Environmental Pollution Control Techniques Exhibition—ENVITEC (01-409 0956)	Dusseldorf
Feb. 11—21	International Paris Boat Show (01-439 3964)	Paris
Feb. 17—21	Middle East Machinery, Light Industry and Plant Maintenance Show (021-454 4416)	Bahrain
Feb. 19—23	Techex 80 World Fair for Technology Exchange	Atlanta, U.S.
Feb. 22—24	International Men's Fashion Week (01-409 0956)	Cologne
Feb. 26—29	World Fair of Technology Exchange—TECHEX (01-584 5749)	Copenhagen
Feb. 26—29	Offshore South East Asia Exhibition (01-486 1951)	Singapore
Mar. 2—9	International Agricultural Exhibition (01-439 3964)	Paris
Mar. 4—12	IMF 80 International Fair for Mechanical Handling	Basle
Mar. 10—13	International Footwear Fair	Elda
Mar. 15—21	World Photographic Exhibition—WORLD PHOTO (021-705 6707)	Singapore
Mar. 16—20	Middle East Business Equipment Show (01-486 1951)	Bahrain

BUSINESS AND MANAGEMENT CONFERENCES

Feb. 7	Oyez-IBC: Children in Tax Planning (01-242 2481)	Holiday Inn, NW3
Feb. 7	ASM: The legal implications of engineering contracts (01-385 1992)	Piccadilly Hotel, W1
Feb. 7	ADMAP: Classifying People (01-379 6576)	Royal Garden Hotel, W8
Feb. 8	CCC: Absenteeism—Developing Company Policy Within the Law (01-222 6362)	Europa Hotel, W1
Feb. 11—12	AMR International: Positive Discipline (01-262 2732)	Grosvenor House Hotel, W1
Feb. 13—14	RRG Conferences: Captive Insurance Companies—Establishment, Operation, Management (01-236 2175)	Portman Hotel, W1
Feb. 14	IILP: International Licensing Problems and Solutions (01-584 5749)	St. Ermins Hotel, SW1
Feb. 18—19	AMR International: Energy Management in Buildings (01-262 2732)	Cumberland Hotel, W1
Feb. 18—19	ADMAP Seminars: Calculating the effects of advertising—How useful are they to the advertiser? (01-379 6576)	Lygon Arms Hotel, Worcs.
Feb. 19	The Economist: Joint-Ventures with the Chinese (01-839 7000)	Cafe Royal, W1
Feb. 19—20	CCC: Avoidance of Contractual Disputes in Construction Projects (01-222 6362)	Amsterdam
Feb. 20—21	IPM: Changes in the Law—What you should do (01-387 2844)	Connaught Rooms, WC2
Feb. 25—29	Moroccan Ministry of Trade and Industry in co-operation with UN Industrial Development Organisation: International Industrial Investment Forum (01-584 8827)	Rabat
Feb. 26—27	FT Conference: British Business Opportunities Overseas (01-236 4382)	Grosvenor House, W1
Feb. 28—29	FT Conference: Monopolies Mergers and Restrictive Practices (01-236 4382)	Munich
Mar. 3—4	Robert S. First: Dynamic Small - European Companies in the Health Care Industry	Brussels
Mar. 3—4	FT Conference: World Motor Industry (01-236 4382)	Geneva

CONTRACTS AND TENDERS

INTNTL. COMPANIES and FINANCE

Amax buys control of Rosario for $450m

By Stewart Fleming in New York

AMAX, ONE of the largest U.S. mining companies, appears poised to seize control of precious metals producer Rosario Resources in a deal which could value Rosario at over $450m.

Late on Friday, Amax announced that it had acquired 37 per cent of Rosario, including the 597,600 shares owned by Hudson Bay Mining, a 44 per cent controlled associate of Anglo American Corporation of South Africa.

Hudson Bay, which had launched into a takeover bid for Rosario following Amax's initial $55 a share offer, announced that it was now withdrawing from the fight.

Initially, Rosario, which is an important silver and gold mining company, accepted Amax's terms which comprised a mixture of cash and securities. One of the reasons Amax is believed to be so anxiously pursuing the bid for Rosario is thought to be the possibility that acquiring Rosario would make it more difficult for Amax itself to become a takeover target. Standard Oil of California has 20 per cent of Amax and last year was rebuffed when it broached a possible takeover.

Amax disclosed few details of the events of the past few days belond pointing out that it had acquired the Hudson Bay Mining stake in Rosario for $75 a share.

Amax which has recently reported sales revenues of $2.5bn and net income of $330m for 1979 is an important producer of coal, molybdenum copper, tungsten and lead. It also has a 50 per cent interest in aluminium producer Alumax.

Rosario is clearly benefiting from the run up in precious metals prices and earned a net profit of $28m on sales revenues of $84m last year. Also has gas and oil reserves as well as precious metals interests.

Syndicated loan business boosts Scandinavian Bank

BY NICHOLAS COLCHESTER

DESPITE A difficult year in the international banking business, Scandinavian Bank, a London-based consortium bank owned by a group of leading Scandinavian banks, achieved a 13 per cent increase in pre-tax profits to £9.3m ($21.2m) in 1979.

The bank's after tax profits increased by 9.6 per cent to £4.6m, a rise which closely matched the 9 per cent increase in total assets to £1.12bn.

The dividend was maintained at 8 per cent on the £20.25m of ordinary share capital with which the bank started the year. But this capital was subsequently increased by £10m to £30.25m at the year end.

Bank executives say that this decision to increase the paid-up capital derived in part from the new capital adequacy rules now being perfected by the Bank of England. One of the principal provisions of the draft guidelines is that subordinated debt can only amount to one third of the capital of a UK bank.

Scandinavian Bank now has capital resources of £74m including subordinated loan stock of £27.6m. The bank has also raised its authorised capital from £25m to £50m.

During 1979, the bank managed or co-managed Euro-currency loans totalling more than $4bn and thus claims that its activity in syndicated lending more than doubled. Mr. Staffan Gadd, the chief executive, also mentions Treasury and Foreign Exchange business as having made a significant contribution to profits in 1979.

During 1979, Scandinavian Bank became the first UK bank to issue commercial paper in the U.S., thus tapping a new source of dollar funds. In the course of this exercise, the bank achieved an A1 rating from Standard and Poors.

Upturn at German oil affiliates

BY ROGER BOYES IN BONN

WEST GERMAN oil companies have announced substantial leaps in profit and turnover for 1979—thus mirroring the large gains reported by their U.S.-based parent concerns.

Deutsche Esso estimates that it made around DM 400m ($229.2m) in net profits in 1979, compared to DM 253m in 1978. Meanwhile, Mobil Germany has also announced an increase in profits — DM 290m against DM 196.5m in 1978, according to preliminary estimates. Mobil's turnover was also up from DM 5.2bn in 1978, to DM 6.8bn last year.

These preliminary results naturally bear the stamp of increased demand and higher prices within the petroleum division. Dr. H. C. Lewinsky, Mobil's chief executive, stressed that 1979 was the first time in several years that the company's petroleum branch had shown a profit: DM 105m compared to a loss of DM 26m in 1978.

Mobil, like other German oil companies, stresses that it is making only one pfennig a litre profit on its oil products. This has been a standard line of defence from the German companies, which are coming under heavy fire from industry, consumers and political parties for pricing policies.

Doubts over SEC move

NEW YORK — The board of UV Industries said that it does not know what effect an investigation by the Securities and Exchange Commission involving Sharon Steel will have on the SEC's review of a registration statement for Sharon Steel debentures.

UV has been awaiting filing by Sharon Steel of the registration statement for the debentures which are to be exchanged for $411m of the $518m note which Sharon gave to UV for its assets last year. UV shareholders are to receive the rest in cash.

Under the agreement, Sharon is obliged to pay UV on September 30 the $518m in cash should a registration statement covering the debentures not become effective by that date. Of that amount, Sharon Steel's interest as a UV stockholder is $117m.

UV believes that all the former UV property transferred to Sharon Steel, together with Sharon's other assets, are sufficient to provide security for the payment of the $401m to UV shareholders, other than Sharon. Reuter

RCA measures Olympics costs

NEW YORK—Mr. Edgar H. Griffiths, chairman of RCA Corporation, said the company's costs associated with the 1980 Summer Olympics will be more than the $85m its National Broadcasting Company subsidiary paid for the rights to broadcast the event.

Mr. Griffiths, who was addressing a special shareholders' meeting, did not say how much the additional costs were but he discounted reports that they were as high as $150m. Reuter

CURRENCIES, MONEY and GOLD

Focus on lira and Swiss franc

BY COLIN MILLHAM

The Italian lira and Swiss franc formed the major points of interest in otherwise uneventful foreign exchange trading last week. The dollar was strong, rising to the highest level this year on the Bank of England trade-weighted currency index, and touching its firmest point since late November against the Swiss franc.

Lack of any further alarming news from the Middle East, helped to support the dollar, which was also buoyed by interest rate differentials between New York and other financial centres, such as Frankfurt and Zurich. The German Bundesbank and Swiss National Bank intervened to stem the dollar's appreciation, while the Swiss franc showed a weaker trend against most major currencies.

The Swiss franc lost ground to the D-mark despite the announcement of a record West German current account deficit in 1979. Towards the end of the week the D-mark was edging up towards SwFr 94 per DM 100, compared with a normal range of SwFr 90 to SwFr 92 for most of last year.

Another focal point was the renewed strength of the Italian lira, which returned to the top of the European Monetary System, after its sharp decline at the end of last year. Heavy demand for Italian Treasury bills and an acute shortage of liquidity in the banking system boosted the Italian currency.

The French franc, the strongest EMS member since late December, eased slightly while the Dutch guilder remained quite firm as the third strongest currency.

In the Netherlands the government has a budget finance problem at the moment, with the last figures from the central bank showing the Treasury's balance at zero despite drawings from the International Monetary Fund. Around the middle of last week the authorities added liquidity to the money market by way of a further special advance, while later on the Dutch government announced a temporary freeze on new government spending, following an earlier two-month halt on wage rises.

Denmark suffered a large trade deficit in 1979, with the monthly shortfall in December the largest for several years. The Danish krone was slightly ahead of the Irish punt and Belgian franc within the EMS, but probably received support from the Danish central bank, amid speculation that Bank Rate may be increased in the near future. It has remained at 11 per cent since September 17.

Belgium's budget deficit of BFr 91.2bn last year was BFr 9.2bn lower than estimated, and may lead to some improvement by the Belgian franc, although it remained at the bottom of the EMS last week.

GOLD

	February 1		January 31	
Gold Bullion (fine ounce)				
Close	$675-680	(£297½-299¾)	$645-655	(£284½-289)
Opening	$672-600	(£295.6-299.2)	$675-685	(£297¾-302¼)
Morning fixing	$675.50	(£296.847)	$668	(£294.728)
Afternoon fixing	$676.50	(£297.886)	$653	(£287.982)
Gold Coins				
Krugerrand	$679-686	(£295-300)	$642-650	(£283-288)
Mapleleaf	$679-686	(£295-300)	$642-650	(£283-288)
New Sovereigns	$168-172	(£74-78)	$154-159	(£68-71)
King Sovs	$168-172	(£74-78)	$154-159	(£68-71)
Victoria Sovs	$180-190	(£77-87)	$157-162	(£69-72)
Fr 20 Napoleon	FFr710-725	(SFr245-255)	FFr715-725	(SFr245-255)
50 pesos Mexico	$830-840		$795-815	
100 Cor. Austria	$660-670		$625-635	
$20 Eagles	$750-760		$730-740	
$10 Eagles	—		—	
$5 Eagles	—		—	

OTHER MARKETS

Feb. 1	£	$		£ Note Rates
Argentina Peso	3771-3791	1660-1670	Austria	28.30-28.55
Australia Dollar	2.0510-2.0550	0.9040-0.9045	Belgium	65.55-66.05
Brazil Cruzeiro	99.01-100.01	43.55-44.00	Denmark	12.39-12.46
Finland Markka	8.41-8.42	3.7080-3.7100	France	9.25-9.31
Greek Drachma	n/a	n/a	Germany	3.95½-3.98
Hong Kong Dollar	10.96½-10.98½	4.8370-4.8400	Italy	1900-1960
Iran Rial	n/a	n/a	Japan	545-5 50
Kuwait Dinar(KD)	0.614-0.624	0.2724-0.2725	Netherlands	4.35½-4.39½
Luxembourg Frc.	64.40-64.50	28.32-28.34	Norway	11.10-11.17
Malaysia Dollar	4.9545-4.9655	2.1850-2.1860	Portugal	112½-121
New Zealand Dlr.	2.3075-2.3125	1.0165-1.0175	Spain	149½-157
Saudi Arab. Riyal	7.58-7.68	3.3595-3.3625	Sweden	9.48-9.54
Singapore Dollar	4.8865-4.8975	2.1553-2.1563	Switzerland	3.71½-3.73½
Sth. African Rand	1.8595-1.8610	0.8175-0.8185	United States	2.268-2.275
U.A.E. Dirham	8.45-8.55	3.7420-3.7450	Yugoslavia	48-51

Rate given for Argentina is free rate.

THE DOLLAR SPOT AND FORWARD

Feb. 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2670-2.2760	2.2735-2.2745	0.82-0.72c pm	4.06	1.90-1.80 pm	3.25
Ireland†	2.1150-2.1175	2.1150-2.1165	0.80-0.70c pm	4.25	2.10-2.00 pm	3.87
Canada	1.1553-1.1573	1.1553-1.1556	0.07-0.03c pm	0.52	0.19-0.15 pm	0.59
Nethlnd.	1.9260-1.9278	1.9268-1.9278	0.43-0.36c pm	2.46	1.48-1.38 pm	2.97
Belgium	28.32-28.37	28.32-28.34	½c pm-½ dis	—	1 pm-1 dis	—
Denmark	5.4545-5.4600	5.4585-5.4600	1.75-2.25ore dis	−4.40	5.30-5.80dis	−4.07
W. Ger.	1.7415-1.7500	1.7430-1.7440	0.80-0.70pf pm	5.16	2.48-2.38 pm	5.57
Portugal	50.27-50.40	50.30-50.40	13-23c dis	−4.29	40-70 dis	−4.37
Spain	66.25-66.35	66.25-66.30	35-50c dis	−7.69	95-115 dis	−6.34
Italy	808.90-809.60	809.30-809.60	4¾-5¼ lire dis	−7.04	13-14½ dis	−6.73
Norway	4.8850-4.8990	4.8910-4.8960	1.60-1.10ore pm	3.31	3.75-3.25 pm	2.88
France	4.0830-4.0895	4.0830-4.0850	0.57-0.47c pm	1.53	1.47-1.32 pm	1.37
Sweden	4.1700-4.1720	4.1705-4.1720	0.05orepm-0.15dis	−0.14	0.45-0.25 pm	0.33
Japan	240.10-240.85	240.35-240.45	1.25-1.10y pm	5.86	3.50-3.35 pm	5.70
Austria	12.525-12.571	12.563-12.571	5.50-4.90gro pm	4.96	17.50-15.50pm	5.25
Switz.	1.6300-1.6390	1.6325-1.6335	1.18-1.11c pm	8.41	3.48-3.41 pm	8.44

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

THE POUND SPOT AND FORWARD

Feb. 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2670-2.2760	2.2735-2.2745	0.82-0.72c pm	4.06	1.90-1.80 pm	3.25
Canada	2.6180-2.6320	2.6280-2.6290	1.10-1.00c pm	4.79	2.60-2.50 pm	3.88
Nethlnd.	4.36½-4.39½	4.37½-4.38½	2¼-1¾c pm	6.18	7¼-6½ pm	6.05
Belgium	64.30-64.60	64.40-64.50	22-12c pm	3.16	59-49 pm	3.35
Denmark	12.37½-12.42½	12.40¾-12.41¾	½ore pm-1½ dis	−0.48	¼-2¼ dis	−0.56
Ireland	1.0710-1.0755	1.0720-1.0730	0.05-0.15p dis	−1.12	0.15-0.25dis	−0.74
W. Ger.	3.95-3.98	3.96½-3.97½	3¼-2¾pf pm	9.45	9¼-8¾ pm	8.69
Portugal	114.00-114.80	114.35-114.55	15c pm-35 dis	−2.62	5-105 dis	−1.92
Spain	150.30-150.80	150.60-150.70	10-60c dis	−2.79	30-130 dis	−2.12
Italy	1,836-1,841	1,839-1,840	4¼-6¼ lire dis	−3.42	15-17 dis	−3.48
Norway	11.09-11.15	11.12-11.13	7¾-5¾ore pm	7.28	18¼-16¼ pm	6.20
France	9.27½-9.30½	9.27¾-9.28¾	5-4c pm	5.82	11¾-10¾ pm	4.63
Sweden	9.46-9.49	9.47¾-9.48¾	3¼-1¾ore pm	3.48	9½-7½ pm	3.58
Japan	542-549	546-547	4.70-4.40y pm	9.99	12.30-12.00pm	8.89
Austria	28.40-28.80	28.55-28.60	25-15gro pm	8.40	67-57 pm	8.68
Switz.	3.70½-3.73½	3.71-3.72	4¼-3¼c pm	12.11	11¾-10¾ pm	11.57

Belgian rate is for convertible francs. Financial franc 65.85-65.95. Six-month forward dollar 2.90-2.80c pm, 12-month 4.20-4.10c pm.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.90-14.00 per cent; three-months 14.00-14.10 per cent; six months 14.05-14.15 per cent; one year 13.50-13.60 per cent.

Feb. 1	Sterling	U.S.Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17½-17⅞	13⅜-13⅝	12¾-13¾	10⅞-11⅛	⅝-⅞	8⅛-8¼	12-12¼	12-16	—	4⅞-9⅞
7 days' notice	17⅝-18⅛	13½-13¾	12¾-13¼	11-11¼	2⅛-2⅜	8⅛-8⅜	12-12¼	20½-24	13½-13⅝	7-7⅛
Month	18¼-18½	13⅞-14⅛	13⅜-13⅝	11⅛-11⅜	4⅞-5	8⅛-8⅜	12⅛-12⅜	20¾-22	13⅞-14	7⅛-8
Three months	17⅝-17⅞	14⅛-14⅜	13⅝-14	11¼-11½	5⅛-5⅜	8⅛-8⅜	12⅛-12⅜	20-21¾	14¼-14⅜	8⅛-8⅜
Six months	16¾-17	14⅛-14⅜	13½-13⅞	11¼-11½	5⅛-5⅜	8⅛-8⅜	13¼-13½	20¼-21	14¼-14⅜	8⅛-8⅛
One year	15⅞-16⅛	13¾-14	13⅛-13⅜	11¼-11½	5⅛-5⅜	8⅛-8⅛	13⅜-13⅝	21-22	13⅛-13⅜	8⅛-8⅜

Long-term Eurodollar two years 12¾-12⅞ per cent; three years 12½-12¾ per cent; four years 12½-12⅝ per cent; five years 12½-12⅝ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

LONDON MONEY RATES

Feb. 1 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	16½-22½	—	—	—	17¼-17¾	16-17	—	—	—
2 days notice	—	—	17⅞-18	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	17½-17¾	17⅞-18	—	18¼	17¾-17⅞	16⅝-17	—	—	—
One month	18-17¾	17⅞-18	17⅞	19¼-19	18¼	18	16⅝-16⅞	16⅛	18	18⅜
Two months	18-17¾	17⅞-17⅞	—	18¾-18½	18⅛	—	16½-16¾	16⅛-16⅜	17¾	18⅛
Three months	17⅞-17⅝	17¾-17⅞	17⅝-17¾	18⅛-17½	18	18	16⅝	16⅜	17¼	17¾
Six months	16⅞-16⅝	16⅞-16⅞	16⅝-16¾	16¾-16¼	17⅜	—	—	—	15⅞-16	16⅛
Nine months	16⅛-15¾	16-16¼	—	16⅝-16⅜	16⅝	—	—	—	—	—
One Year	15⅞-15½	15¾-16	16⅛-15¾	16-15½	16⅛	—	—	—	—	—
Two years	—	—	15⅝-15⅞	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 15¾-15¼ per cent; four years 15⅞-15⅜ per cent; five years 15⅞-15⅜ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16¾ per cent; four-month trade bills 17½ per cent.

Approximate selling rates for one-month Treasury bills 16 per cent; two-months 16-16⅛ per cent; three-months 16⅛ per cent. Approximate rate for one-month bills 17¾-17⅞ per cent; two-months 17½-17⅝ per cent; three-months 17-17⅛ per cent; one-month trade bills 18¼ per cent; two-months 18 per cent and three-months 17⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from February 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 16.1858 per cent.

CURRENCY RATES

Feb. 1	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.578874	0.629350
U.S. $	12	1.31388	1.43020
Canadian $	14	1.51898	1.65259
Austria Sch.	5¼	16.4603	17.9204
Belgian F.	10½	37.2518	40.5247
Danish K.	11	7.16722	7.80030
D'Mark	6	2.29259	2.49498
Guilder	9½	2.53185	2.75528
French Fr.	9½	5.37114	5.84594
Lira	15	1065.26	1157.39
Yen	6¼	315.594	343.891
Norwgn. Kr.	9	6.42027	6.99009
Spanish Pts.	8	87.0209	94.7936
Swedish Kr.	10	5.47885	5.96421
Swiss Fr.	2	2.14846	2.33766

PENDING DIVIDENDS

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year."

	Date	Announcement last year		Date	Announcement last year
AAH	Mar. 6	Int. 3.025	*HK & Shanghai Bank	Feb. 26	Final HK$0.60
Anglo Amer. Secs. Cpn.	Feb. 14	Sec. Int. 2.3	Hoover	Mar. 1	Final 6.39
Ault and Wiborg	Mar. 9	Final 1.44	*ICI	Feb. 28	Final 8.486
BSR	Mar. 9	Final 3.916	*IMI	Feb. 26	Final 2.003
Barclays Bk.	Feb. 22	Final 7.41	*Imperial Gp.	Feb. 14	Final 4.070
Bath and Portland	Feb. 22	Final 2.014	Lex Service	Mar. 8	Final 2.7
Beaumont Props.	Feb. 13	Final 2.698	*Lloyds Bank	Feb. 22	Final 5.514
*Birmid Qualcast	Feb. 13	Final 3.476	London Shop Prop.	Mar. 1	Int. 0.901
British Enkalon	Feb. 28	Final nil	*Lonrho	Feb. 4	Final 4.25
British Vita	Mar. 1	Final 1.6	Marchwiel	Feb. 19	Final 3.0
Brown Bros.	Feb. 22	Int. 0.53	Midland Bank	Mar. 9	Final 9.942
*Carrington Viyella	Feb. 20	Final 1.681	*NatWest	Feb. 26	Final 7.15
City Offices	Feb. 22	Final 0.791	Nottingham Manuf.	Feb. 13	Final 2.622
*Comm'l Bk. Aust.	Feb. 18	Int. 8.5 cents	Ransomes Sims	Feb. 28	Final 6.58
*Commercial Union	Feb. 26	Final 5.673	Rentokil	Mar. 1	Final 1.15
Cons. Plants	Feb. 19	Int. 15%	Royal Dutch	Mar. 8	Final Fl 5.76
Corah	Mar. 8	Final 1.17	Royal Insce.	Mar. 1	Final 11.5
Dalgety	Feb. 13	Int. 8.04	Securicor	Feb. 14	Final 1.74
De Beers Cons. Mines	Mar. 6	Final 45 cents	Shell	Mar. 8	Final 6.986
Debenture Cpn.	Feb. 8	Final 1.95	Sime Darby	Feb. 19	Int. 11%
*Dowty	Feb. 6	Int. 2.5	Sunley (B.)	Feb. 12	Int. 1.654
Fisons	Mar. 5	Final 6.337	Transport Dev.	Mar. 8	Final 2.351
General Accident	Feb. 28	Final 4.917	Turner and Newall	Mar. 6	Final 7.0
*Gen. Con. Inv. Tst.	Feb. 13	Final 2.85	Unilever	Mar. 6	Final 27%
Gen. Mining	Mar. 8	Final 39 cents	Union Corpn.	Mar. 6	Final 32 cents
Grindlays	Feb. 27	Final 2.071	Utd. City Merchants	Mar. 8	Int. 0.45
*Guinness Peat	Feb. 12	Int. 2.25	Utd. Real Prop.	Feb. 21	Int. 1.25
Hardy (Furnishers)	Feb. 2	Int. nil	Vantona	Feb. 20	Final 5.01
			*Wagon Finance	Feb. 15	Final 1.678
			Woolworth (F. W.)	Mar. 7	Final 3.245

* Board meeting intimated. † Rights issue since made. ‡ Tax free § Scrip issue since made. ¶ Forecast.

Public Works Loan Board rates

Effective from January 19

Years	Quota loans repaid by EIP†	A‡	at maturity§	Non-quota loans A* repaid by EIP†	A‡	at maturity§
Upto 5	14¼	14¼	15	15¼	15⅜	15¼
Over 5, up to 10	15	14¼	14⅞	15½	15⅜	14½
Over 10, up to 15	14⅞	14⅝	14½	15⅛	14⅞	14⅞
Over 15, up to 25	14¼	14¼	14	14⅞	14⅞	14¼
Over 25	14⅜	14	14	14⅜	14¼	14¼

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Guinness Mahon	17 %
Allied Irish Bank	17 %	■ Hambros Bank	17 %
Amro Bank	17 %	Hill Samuel	§17 %
American Express Bk.	17 %	C. Hoare & Co.	†17 %
Henry Ansbacher	17 %	Hongkong & Shanghai	17 %
A P Bank Ltd.	17 %	Industrial Bk. of Scot.	17½%
■ Arbuthnot Latham	17 %	Keyser Ullmann	17 %
Associates Cap. Corp.	17 %	Knowsley & Co. Ltd.	18½%
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	17 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½%
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Yorkshire Bank	17 %
Eagil Trust	17 %		
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	18½%		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%, 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issued as units comprising 2 Income shares and 10 Capital shares at 125p per unit. † Dealings under special rule.

CORAL INDEX: Close 444-449 (−7)

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest %	Interest payable	Minimum sum £	Life of bond Year
Alyn and Deeside (0244 531212)	15½	½-year	5,000	1
Barnsley (0226 203232)	14⅝	½-year	1,000	2
Knowsley (051-548 6555)	15	½-year	1,000	1
Redbridge (01-478 3020)	13⅞	½-year	200	5-6

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone: 01 621 1917

£000's capitalisatn.	Company	Last price	Change on week	Gross Div (p)	Yield %	P/E
4,220	Airsprung	73	—	6.7	9.2	4.3†
950	Armitage and Rhodes	38	−1	3.8	10.0	2.5†
6,965	Bardon Hill	228	+1	13.8	6.1	8.7†
870	C'ty Cars 10.7% Pref.	87	—	15.3	17.6	—
8,144	Deborah Ord.	89	−2	5.0	5.6	9.8
700	Deborah 17½% CULS	350	—	17.5	5.0	—
3,524	Frank Horsell	94	—	7.9	8.4	5.8
15,602	Frederick Parker	108	—	12.8	11.9	8.4†
2,236	George Blair	105	−1	16.5	15.7	—†
1,500	Jackson Group	60	−2	5.2	8.7	3.5†
15,872	James Burrough	115	—	7.2	6.3	10.1
2,550	Robert Jenkins	250	—	31.3	12.5	8.0†
3,431	Torday	223	—	14.3	6.4	5.8†
4,755	Twinlock Ord.	22¼	−0¾	0.8	3.8	4.2†
2,075	Twinlock 12% ULS	76	—	12.0	15.8	—
6,921	Unilock Holdings	53	−2	2.6	4.9	11.3
10,233	Walter Alexander	81	−1	4.4	5.4	5.4
4,341	W. S. Yeates	186	+1	11.5	6.2	7.2

† Accounts prepared under provisions of SSAP 15.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01 638 4485

Dis. Inc. Jan. 25	200.8	214.1	.....	5.54

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01 623 8893

Great Winchester	16.8	18.4	.....	6.24
Gt. Winchester O'seas	19.6	21.0	.....	2.52

Emson & Dudley Tst. Mngmnt. Ltd.
20b Albemarle St., W1. 01 493 3211

Emson Dudley Tst.	69.6	74.4	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	75.1	79.0	-1.1	5.07

Fidelity International Management Ltd.
62 63, Queen St., London, EC4R 1AD. 01 248 4891.

American	27.4	28.9	+0.4	1.0
Fixed Interest	25.2	26.6	-0.1	12.4
Growth + Income	28.5	30.8	-0.2	7.80
Special Sits.	28.6	30.2	-0.2	3.00

James Finlay Unit Trust Mngt. Ltd.
10 14, West Nile Street, Glasgow. 041 204 1321

J. Finlay Internat'l	28.1	30.3	.....	2.30
Accum. Units	34.1	36.8	.....	2.30
J. Finlay High Income	33.5	36.2	.....	9.40
J. Finlay Euro.Fin.	23.6	25.5	.....	3.30
Accum. Units	29.1	31.5	.....	3.30
J. Finlay Fd. In.Tst.	31.9	34.5	.....	5.00
Accum. Units	38.5	41.6	.....	5.00

Prices on January 30. Next dealing February 6.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01 628 5181

American	54.0	57.4	.....	1.27

ManuLife Management Ltd.
St. George's Way, Stevenage. 0438 56101

Growth Units	65.3	68.7	.....	4.09

Mayflower Management Co. Ltd.
14 18, Gresham St., EC2V 7AU. 01 606 8099

Income Jan. 21	103.9	109.4	.....	9.12
General Jan. 21	72.1	75.9	.....	6.18
Intnl. Jan. 21	46.0	48.5	.....	3.38

Mercury Fund Managers Ltd.
30, Gresham St., EC2P 2EB. 01 600 4555

Merc. Gen. Jan. 30	54.3	57.7	.....	6.27
Acc. Uts. Jan. 30	74.2	78.9	.....	6.27
Merc. Int. Jan. 30	74.2	78.9	.....	4.56
Acc. Uts. Jan. 30	83.4	88.7	.....	4.56
Merc. Ext. Jan. 24	265.7	276.8	.....	6.04
Accm. Units Jan. 24	332.4	346.2	.....	6.04

Midland Bank Group Unit Trust Managers Ltd.♥ (a)
Courtwood House, Silver Street, Head. Sheffield, S1 3RD. Tel: 0742 79842

Commodity & Gen.	91.7	99.5	+1.5	4.25
Do. Accum.	111.0	121.2	.....	4.26
Overseas Growth	35.6	38.5	.....	3.17
Do. Accum.	39.8	43.0	.....	3.17
Capital	26.6	28.8	-0.3	5.34
Do. Accum.	30.7	33.8	-0.4	5.34
Income	54.2	58.5	-0.8	7.21
Do. Accum.	66.9	72.1	-0.9	7.21
North American	38.2	41.3	+0.4	2.78
Do. Accum.	41.8	45.2	+0.4	2.78
High Yield	60.1	64.8	-0.7	9.22
Do. Accum.	69.8	75.3	-0.8	9.22
Equity Exempt*	112.0	118.2	+1.4	6.07
Do. Accum.*	115.0	121.4	+1.4	6.07

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
3S	3Mar	Treasury 9pc 1980‡‡	99⅜xd	28 1	9.05	15.83
14N	14May	Treasury 9½pc '80‡‡	97½	9 10	9.70	17.06
15D	15Jun	Treasury 3½pc '77-80	96⅛	8 11	3.64	14.70
15D	15Jun	Funding 5¼pc '78-80‡‡	96½	8 11	5.45	15.70
25May	25N	Exchequer 13pc 1980‡‡	98¼	19 10	13.23	15.17
15Jul	15Ja	Treasury 11½pc 1981‡‡	97	10 12	11.86	14.93
15Aug	15F	Treasury 3¼pc 1979-81	91⅞xd	4 1	3.80	12.11
10	1Ap	Treasury 9¾pc 1981‡‡	93¾	28 8	10.40	15.78
12D.	12Jun.	Exch. 8¼pc 1981	91⅝	31 12	9.00	15.26
4F	4Aug	Exch. 9½pc 1981	92⅝xd	31 12	10.25	15.19
21F	21Aug	Exch. 3pc 1981	87⅞xd	15 1	3.41	11.83
17May	17N	Treas. Variable '81‡‡	96⅞	11 10	16.77	18.29
23May	23N	Exch. 12¾pc 1981‡‡	95½	17 10	13.29	15.36
15Jul	15Ja	Treas. 8½pc '80-82‡‡	89¼	10 12	9.52	15.03
15Aug	15F	Treasury 3pc '82‡‡	85xd	4 1	3.52	11.48
16S	16Mar	Treasury 14pc '82‡‡	97¾	10 8	14.37	15.46

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

Interest Due		Stock	Price £	Last xd	Yield Int.	Yield Red.
30Ja	30J	FFI 13pc 1981	97½	31 12	13.33	15.75
20J	20D	Do. 14pc '83	95½	19 11	14.65	15.54
31M	30S	ICFC 5½pc Deb. '80-82	83	30 9	6.80	14.53
31M	30N	Do. 6¼pc Db. '81-84	74	22 10	8.62	14.30
11Ja	11J	Do. 10½pc Uns. Ln. '86	86xd	10 12	12.20	14.00
11Ja	11J	Do. 11pc Uns. Ln. '88	84xd	10 12	13.09	14.00
11Ja	11J	Do. 11¾pc Uns. Ln. '90	87½xd	10 12	13.42	14.10
30J	31D	Do. 7¼pc A Deb. '89-92	60	19 11	12.37	14.30
31M	30S	Do. 7¾pc A Db. '91-94	60½	30 9	12.59	14.20
31M	30S	Do. 9pc 'A' '91-94	71½	30 9	13.24	14.30
26F	31A	Do. 8¾pc Ln. '92-97	64½xd	14 1	13.75	14.30
—		Do. 12¾pc. Uns. Ln. 1992	94	13 8	13.88	—

FOREIGN BONDS & RAILS

Interest Due		Stock	Price £	Last xd	Div % Gross	Red. Yield
—		Antofagasta Rly.	57	8 11	—	—
1Ja	1J	Do. 5pc Pref.	50xd	10 12	—	—
1Ja	1J	Chilean Mixed	98	2 10	—	3.39
—		Chinese 4½pc 1898	57	—	—	—
—		Do. 5pc 1912	44	—	—	—
—		Do. 5pc 1913	23	—	—	—
—		Do. 5pc 1925 Boxer	20½	—	—	—
1J	1D	German Yng. 4½pc	430xd	4 12	4½	—
1M	1N	Greek 7pc Ass.	35	1 11	3½	10.52
1F	1A	Do 6pc 28 Stab Ass.	35	1 8	6	10.88
1A	1O	Do 4pc Mixed Ass.	34	2 7	4	7.28
May 1		Hung. '24 Ass	53	2 5	—	5.33
30J	31D	Iceland 6½pc '83-88	55	19 11	—	15.80
10Ja	10J	Ireland 7½pc '81-83	83xd	10 12	7½	14.01
1M	1S	Do 9¼pc '91-96	77½	15 8	9¼	13.85
1J	1D	Japan 4pc '10 Ass	215xd	3 12	—	—
30J	31D	Do 6pc '83-88	68xd	31 12	6	8.82
1A	1O	Peru Ass. 3pc	155	2 10	3	2.00
30J	31D	S.G.I. 6½pc 1980	$90	31 12	6½	7.22
May 1		Turin 9pc 1991	$92	2 5	9	9.78
15A.	15O.	Turin 6½pc 1984.	DM92	15 11	6½	8.85
1F.M.A.N.		Uruguay 3½pc	96	1 8	3½	3.80

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

Dividends Paid		Stock	Price	Last xd	Div Net	Cvr	Y'ld Gr's	P/E
May	Nov.	Clive Dis'nt 20p	78	22 10	5.33	—	9.8	—
Feb.	Sept.	Com'l Aus. ($A1)	144	8 10	Q18c	3.0	6.4	5.2
May		Com'zbk DM 10‡	910	5 77	Q26.69%	—	7.6	—
March		C'hgn. Hbk. Kr100	975	13 3	Q12%	—	11.4	—
July	Oct.	Corinthian 10p	38	24 9	†1.05	5.9	3.9	4.4
May		Cred. France F75	£17½	5 77	Q9.87%	—	3.7	—
Jan.	Apr.	Dawes (G. R.)	10	18 10	—	—	—	—
May	Nov.	Deutsche Bank DM50	£64	17 5	Q28.12%	—	5.8	—
—		F. C. Finance	63	8 10	2.2	4.9	5.0	5.8
—		First Nat. 10p	15¼	9 74	—	—	—	0.9
—		Do. Wrts. 75-83	2¼	—	—	—	—	—
June	Dec.	Gerrard Natnl.	238	22 10	†9.12	—	5.5	—
May	Nov.	Gibbs (A.)	78	24 9	2.2	—	4.0	—

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

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MINES—Continued

CENTRAL AFRICAN

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
May	Nov	Coronation	385	28.9	Q54c	2.2	6.0
Nov.	May	Falcon Rh.50c	670	24.9	Q100c	1.7	10.3
	May	Rhod'n Corp. 16½p.	43	22.4	0.56	6.5	1.9
—		Roan Cons. K4	235	24.9	Q0.125	ϕ	3.2
Nov.	May	Wankie Col. Rh.1	60	22.10	Q9c	1.5	10.3
—		Zam.Cpr.SBD0.24	46	11.74	—	—	—

AUSTRALIAN

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		Acmex 50c	23	—	—	—	—
—		ACM 20c	17	—	—	—	—
—		Bond Corp.	115	—	Q3.75	2.2	1.7
Nov.	Apr.	Bougainville 50 Toea	178	12.9	tQ19.8c	1.0	5.5
—		BH South 50c	195	9.74	—	—	—
—		Canada Northwest	12	—	—	—	—
—		Carr Boyd 20c	25	—	—	—	—
—		Central Pacific	£21	—	—	—	—
Nov.	May	Conzinc Riotinto 50c.	306	12.9	NQ10c	2.0	1.7

[illegible]

TINS

[illegible]

COPPER

—	Messina R0.50	187	26.12	Q10c	ϕ	3.1

MISCELLANEOUS

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		Barymin	62	—	—	—	—
—		Burma Mines 17½p	13½	5.75	—	—	—
Aug.	Feb.	Cons. Murch. 10c.	402	28.12	Q100c	ϕ	14.2
—		Northgate C$1	540	30.9	—	—	—
Jan.	July	R.T.Z.	408	5.11	†11.5	3.4	4.0
	—	Robert Mines	26	—	—	—	—
—		Sabina Inds. C$1.	44	—	—	—	—
—		Tara Expln. $1	520	—	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; *bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution.* Covers are based on "maximum" distribution; *this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT.* Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ *Interim since reduced, passed or deferred.*
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ *Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividends or forecasts.*
- ♦ *Merger bid or reorganisation in progress.*
- ♣ Not comparable.
- ♠ *Same interim; reduced final and/or reduced earnings indicated.*
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ *Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.*
- ♦ Excluding a *final* dividend declaration.
- ☆ Regional price.
- ‖ No par value.

♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b *Figures based on prospectus or other official estimate.* c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f *Flat yield.* g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on *preliminary figures.* s *Dividend and yield exclude a special payment.* t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p *in the £.* w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 16

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REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	27	......	**IRISH**		
Bertam	18	......			
Bdg'water Est. 50p	365	......	Conv. 9% '80/82	£86	......
Clover Croft	58	......	Nat. 9¾% 84/89	£71	......
Craig & Rose £1	£10½	......	Fin. 13% 97/02	£85½	......
Dyson (R. A.) 'A'	16	−2	Alliance Gas	66	......
Fife Forge	38	......	Arnott	340	......
Finlay Pkg. 5p	18	......	Carroll (P.J.)	52	−1
Graig Ship. £1	925	......	Clondalkin	105	......
Higsons Brew.	82	+3	Concrete Prods.	83	......
Holt (Jos) 25p	255	......	Heiton (Hldgs.)	35	......
I.O.M. Stm. £1	175	−5	Ins. Corp.	200	......
Pearce (C. H.)	385	......	Irish Ropes	66	......
Peel Mills	37	+3	Jacob	34½	−½
Sheff. Refrshmt.	98	......	T.M.G.	145	−5
Sindall (Wm.)	165	......	Unidare	80	......

OPTIONS

3-month Call Rates

Industrials		I.C.I.	22	Utd. Drapery	9
A. Brew	8	"Imps"	7	Vickers	14
BOC Intl.	6	I.C.L.	45	Woolworths	6½
B.S.R.	5	Inveresk	5		
Babcock	12	Ladbroke	15	**Property**	
Barclays Bank	30	Legal & Gen.	14	Brit. Land	7
Beecham	13	Lex Service	10	Cap. Counties	9
Blue Circle	25	Lloyds Bank	24	Land Secs.	25
Boots	17	"Lots"	3½	MEPC	17
Bowaters	16	London Brick	6	Peachey	13
B.A.T.	25	Lucas Inds.	20	Samuel Props.	12
Brown (J.)	7	"Mams"	14	Town & City	2
Burton 'A'	22	Mrks. & Spncr.	9		
Cadburys	5½	Midland Bank	30	**Oils**	
Courtaulds	8	N.E.I.	5	Brit. Petroleum	28
Debenhams	8	Nat. West. Bank	32	Burmah Oil	15
Distillers	21	P & O Dfd.	9	Charterhall	6½
Dunlop	5½	Plessey	10	KCA	6½
Eagle Star	14	Racal Elect.	20	Premier	7
F.N.F.C.	1¼	R.H.M.	4½	Shell	28
Gen. Accident	21	Rank Org.	18	Tricentrol	27
Gen. Electric	30	Reed Intnl.	17	Ultramar	32
Glaxo	40	Sears	5½		
Grand Met.	12	Tesco	7	**Mines**	
G.U.S. 'A'	30	Thorn	25	Charter Cons.	18
Guardian	23	Trust Houses	14	Cons. Gold	40
G.K.N.	22	Tube Invest.	27	Lonrho	9
Hawker Sidd.	16	Unilever	40	Rio T. Zinc	35
House of Fraser	12	U.D.T.	4		

FINANCIAL TIMES

Monday February 4 1980

Commons to debate NEB changes

By John Elliott, Industrial Editor

POWERS for the National Enterprise Board to have a borrowing limit of not less than £750m for its entrepreneurial and other activities, excluding Rolls-Royce and BL, are to be debated in the Commons later this week.

Sir Keith Joseph, the Industry Secretary, has laid amendments to the Industry Bill in the Commons which set this new limit, and provide for the Government to finance Rolls-Royce and BL independently of the NEB.

The amendments to be debated in the Bill's Report Stage on Wednesday and Thursday, also put the Industry Department's small businesses counselling service on a statutory basis.

They return to the NEB the right to choose its own chief executive. The first man appointed to this job Mr. Ian Halliday, starts work this week. In the past the work of the chief executive was carried out by Sir Leslie Murphy, the former chairman.

Rolls-Royce is to be transferred from the NEB to the Industry Department as soon as practicable after the Bill becomes law, but no decision has yet been taken about BL.

Both BL and the NEB, under Sir Arthur Knight, its new chairman, have told Sir Keith that they consider that the motor company should follow Rolls-Royce into the direct care of his Department.

Compromise

But the Department has shown no enthusiasm for this. As a result there have been discussions about a possible compromise which would leave BL within the NEB but at the same time strengthen its direct accountability to the Department.

The Bill's amendments have therefore been drafted to leave Sir Keith's options open. They provide for him to finance and guarantee the operations of companies be transfers, and also to present annual reports direct to Parliament.

To maintain financial accountability, the amendments also allow Sir Keith to reduce the NEB's borrowing limit of £3bn when he takes over companies like Rolls and BL.

But he will not be able to reduce the £3bn figure to below £750m, which therefore emerges as the new borrowing limit for the NEB's other activities, including its high technology ventures and its investments in small businesses and projects in regions.

At present, it is undersood the NEB has about half this amount committed in such businesses.

FT SURVEY OF BUSINESS OPINION

Strike hits confidence

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE DIRECT IMPACT of the steel strike on the operations of the rest of industry has so far been limited. The main impact has been further to erode an already low level of general business confidence.

The Financial Times survey of business opinion, published today, confirms that the strike has so far not affected the production of most companies.

Shortages of raw materials and components are not mentioned with greater frequency than at the end of last year, presumably because of high levels of stocks.

The steel strike is among a list of general influences quoted by many companies in explaining their increased pessimism about both business prospects and the outlook for the whole economy.

The indicators of overall confidence are at their lowest levels since 1975-76. The other reasons include fears about the recession, levels of interest rates, depressed world markets, exchange rate, and rising imports.

This gloomy picture is likely to be confirmed by the Confederation of British Industry's quarterly industrial trends survey, due out on Wednesday. It is expected to show the impact of the steel strike on expectations, and to confirm signs of weakening in demands for manufactured products.

Both surveys were carried out after the start of the steel dispute at the beginning of last month.

The interviews for the FT survey were mainly in the second and third weeks of January; the sectors covered are electrical engineering, motor and consumer durables, stores and consumer services.

These surveys and other indicators all suggest that industry is having to come to terms with the recession and with a deterioration in export prospects. The main impact so far has been on the level of stocks, since significantly more companies believe their stocks are too high rather than too low.

All three sectors covered by the FT survey expect holdings of finished goods and raw materials and components, as well as volume of work in progress, to decline in the next 12 months.

This could lead to quite a sharp fall in output in the next few months as stock levels are adjusted. It has already been reflected in the number and length of cut-price sales by retailers.

The other main worry of industrialists is inflation. There has been a steady rise in the median expected increase in both wages and unit costs over the next 12 months.

There has been a smaller acceleration in expected price increases over the next year, implying a reduction in profit margins. The evidence here is ambiguous, though there has been an increase in the number of companies saying their liquidity levels are too low.

Grocery price war, Page 3

Business opinion survey, Page 4

Labour set for showdown

BY PHILIP RAWSTORNE

THE LABOUR PARTY'S commission of inquiry will this week begin its discussion of the major constitutional issues at the heart of the party's left-right conflict.

Control of the party's manifesto, the election of its leader and the re-selection of MPs are all on the agenda for the commission's meeting on Friday.

Its decisions on the handling of the questions could have an important influence on the course of the internal power struggle.

The inquiry—which is expected to elect Mr. David Basnett, leader of the General and Municipal Workers' Union as its chairman—has made it clear that it will not be bound by last year's conference decisions on the issues.

Leftwingers on that occasion carried the vote against Mr. James Callaghan on the party manifesto and the re-selection of MPs.

Hostilities between the two wings of the party erupted again at the weekend amid attempts on both sides to rally the movement for a concerted campaign against the Government's policies.

Mr. Callaghan, speaking at the Labour local government conference in Leicester, made a scathing attack on the "uncaring" Tory Government. The alternative choice Labour offered voters must be broadly based to appeal to millions whose "sympathies are instinctively with us," he said.

"That is why I reject any attempt to turn the Labour Party into a narrow faction and why I repudiate those tiny extremist groups who enter the party to distort it for their own ends," he said.

Mrs. Shirley Williams, former Education Secretary, told a meeting of party moderates in Leicester that adherents of the Trotskyist Militant Tendency should be expelled from the party.

If they were allowed to continue their "depredations," the party would split or support for a new centre party rapidly grow, she said. "Our survival is in our own hands." A retreat into "narrow dogmatism" would alienate millions of voters.

At a Young Socialist rally in London, Mr. Eric Heffer, a leading left-wing member of the party's National Executive, said that those who could not accept Labour's socialist aims should leave the party.

The party must remain "a tolerant . . . broad church," Mr. Heffer said. But it had been created not to administer, nor compromise with, the capitalist system, but to get rid of it.

"People who have no real sympathy for Labour's basic views should not act as a fifth column in Labour's ranks," he said.

The Labour Co-ordinating Committee, a left-wing group associated with Mr. Anthony Wedgwood Benn, also entered the controversy today with an attack on the "disastrously ineffective" leadership of Mr. Callaghan and Mr. Denis Healey.

In spite of their attacks on Government policies, they had shown no sign of producing a real, alternative economic strategy, the committee said.

It called for a campaign to win support from the unions for a socialist programme, including import controls, and control of the placing of funds by financial institutions to finance higher public spending and investment.

The committee also urged local parties to campaign against the election by Labour MPs alone of any successor to Mr. Callaghan as leader.

Algeria raises oil price by $4.21

BY OUR FOREIGN STAFF

ALGERIA announced an increase in the price of her oil by $4.21 to $34.31 a barrel yesterday bringing it into line with the rise announced on Saturday by Nigeria. Both rises come into effect today.

Libya, which has been charging up to $34.72 a barrel, including special surcharges, is likely to increase rates further in a bid to maintain at least part of the differential over other African producers.

The weekend price increases make it inevitable that North Sea prices will also move to well over $30 a barrel. Indeed, if North Sea producers again use Nigeria as a pricing reference, UK Forties-type crude could cost about $34 a barrel.

The British National Oil Corporation and other major North Sea producers are charging $29.75 for Forties-type crude. All the supply contracts have price-reopening clauses which allow North Sea rates to follow world market levels.

Late on Friday Venezuela, which joined moderates at the December meeting of the Organisation of Petroleum Exporting Countries in an unsuccessful attempt to reach a common pricing system, also announced a price rise, the third since mid-December.

The new increase adds $2 to the price of Venezuela's light crudes, while medium and heavy gravity crudes will rise by between 30 cents and $1.42 a barrel on Wednesday.

The Venezuelan increase is seen as two-pronged in its intention of reducing the gap between the highest and lowest price levels among OPEC members and making Venezuela's abundant heavy crudes more attractive to clients. Venezuela exports about 1m barrels a day.

Señor Calderon Berti, the Energy Minister, said that the decision to increase crude prices was based on developments in world oil markets. It followed increases announced earlier last week by Saudi Arabia, Kuwait, Abu Dhabi, Qatar and Iraq, the moderate alignment in the December OPEC conference in Caracas.

● The United Arab Emirates has raised the price of its liquefied petroleum gas by nearly 7 per cent backdated to January 1, Dr. Mana Said al-Oteiba, Minister for Petroleum and Mineral Resources, said yesterday.

The official Emirates news agency quoted Dr. Oteiba as saying the gas price would be $5.391 a million British thermal units, up 6.96 per cent from $5.04.

THE LEX COLUMN

Portfolios behind closet doors

Slowly the message of the academics is penetrating the defences of the stock market and the investment institutions. Last week about 100 fund managers and brokers made the trek west to Regents Park for the London Business School's seminar ambitiously entitled "The Coming Revolution in Investment Management."

In fact, most of those present must already have had more than a nodding acquaintance with the ideas and jargon of modern portfolio theory (MPT). For the time being it remains an esoteric subject to be discussed among specialists. But it was possible to detect an underlying note of anxiety. What happens when these controversial and dangerous new portfolio analysis techniques get into the hands of trustees and beneficiaries?

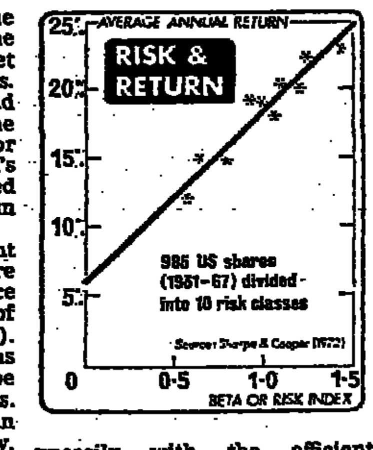
Risk, however, can be split into two elements. Each share carries a market-related risk, which is measured by its empirically determined beta coefficient. There is also a specific risk not related to the stock market's overall movements. Both kinds of risk contribute to the overall variability of a share price.

The difference is that whereas specific risk can be reduced and eventually almost eliminated by diversification, market risk will remain. As a portfolio is spread wider its beta will approach one and its specific risk will approach zero. Effectively it will become a fund which performs in line with a broadly based market index like the All-Share Index—effectively, an indexed fund.

The beta test

So far it is doubtful whether a British pension fund manager has been asked by a trustee: "What is the beta of the fund?" But it is the kind of approach which is catching on fast in the U.S., and the commercial implications for the fund management business are far reaching. The rapid development of techniques to measure both return and risk is forcing fund managers to be much more specific in their aims.

Briefly, MPT proposes that risk and return are closely related in the stock market. To achieve above-average returns it is necessary to take above-average risks—which in turn involves a greater danger of poor performance—unless the fund manager has forecasting ability superior to that of the market as a whole



At this point, MPT merges uneasily with the efficient markets theory. If the stock market is efficient then it is impossible for analysts to achieve superior performance (except through the possession of information not generally available). Abnormal gains can be achieved only through the taking of above average risks.

Hence the movement to promote indexed funds. Although it is hard to explain why a fund should go out of its way to ape the list of shares that happen to exist in the market, in the proportions in which they happen to exist, history appears to show that a fund which can perform in line with an index such as the All-Share will come more than halfway up the performance league tables. The crucial point is that it will be able to cut dealing costs and management fees.

Such a passive line will be appropriate where managers do not feel they have significant forecasting ability. They do not believe they can predict overall market movements and therefore profit by, for instance, raising the beta of the fund ahead of a bull market. They are not confident that they can outguess the market on individual share price movements, and can justify taking on specific risk. Their approach is dull; but they are safe and cheap.

Forecasting

In contrast, active managers believe that although the degree of efficiency of the stock market may be quite high, elements of inefficiency remain and these can be exploited. One strand of MPT helps here, by showing that even a very modest level of forecasting ability can produce worthwhile abnormal returns.

To be successful, such an active management policy is likely to involve concentration on a comparatively low number of shares at any one time, but with frequent changes, and the level of dealing activity will be high. In terms of dealing expenses this will therefore be an expensive approach. And because a large amount of highly skilled management talent will be required to operate the fund, management fees will also be large.

Clearly these costs can be justified only by the achievement of superior performance. Equally clearly, according to MPT, such performance cannot be expected from a fund unless its beta is significantly different from the market and/or it is taking some specific risk.

The next step, it should be said, is an elaborate theory of active-passive management whereby two portfolios are operated in tandem. It is argued that about half the benefits of security analysis are wasted unless the amount invested in the passive fund can be adjusted to suit the beta of the active portfolio.

Measuring risk

But this is a long way down the road. What is relevant now is that comprehensive risk measurement services have been established—one of them by the London Business School—and this has made practical the new approach to portfolio analysis. The beta coefficient and specific risk of funds can be estimated, and consequently can be compared to targets and adjusted if necessary.

Quietly, fund managers are, one by one, doing their sums. They will want to demonstrate that the value of the portfolio has performed better than the level of beta would have suggested. For example, a fund with a beta of 1.2 will be expected to outperform the market by 20 per cent when it is going up. Only a still greater level of superior performance will imply that the managers have skill in picking individual shares.

But it is said that by far the most common discovery by managers is that they are running something which, for all practical purposes, is an indexed fund, with a beta of one and negligible specific risk. In the U.S., such "closet indexing" has become a highly controversial subject. In the UK, too, fund-managers need to prepare themselves for the accusation that they are charging their clients for the front row of the stalls but are seating them at the back of the circle.

Reports on Salem are blocked

By Quentin Peel in Johannesburg

The South African Government has ordered a blackout on information about the oil tanker Salem, which sank in mysterious circumstances off the West African coast two weeks ago, after allegedly discharging its cargo of crude oil secretly at Durban.

The Department of Industries, responsible for co-ordinating South Africa's oil supplies in the face of an embargo by a majority of the world's major producers, ruled that references to the Salem's South African connection be deleted from Sunday newspaper reports. Nevertheless, Rapport, the Afrikaans - language Sunday paper, succeeded in publishing confirmation that the Salem had called at Durban, although the newspaper said that did not necessarily mean its 193,000-ton cargo of crude had been unloaded.

The Shell oil company, which had bought the Salem cargo en route from Kuwait, has issued a writ in London against the owners, the Oxford Shipping Company of Liberia, claiming non-delivery.

The South African reaction shows the extreme sensitivity of the Government to the danger that South Africa's ways of buying crude in defiance of the oil embargo could be exposed inadvertently in investigations of a possible maritime fraud.

In order to prevent being swindled in its oil buying, the Government has appointed Sasol, the State oil-from-coal producer which recently went public, as its procurement agency for all crude supplies to the country's four refineries. However, Sasol denied last week that it had bought the Salem crude.

An ironic twist to the story is that the Salem, if it did call at Durban, would have had to unload at the single buoy mooring operated by Shell and BP South African Refineries (SAPREF), in which Shell has a 50 per cent stake. But Shell operatives are bound by the secrecy provisions of the Petroleum Products Act not to reveal any details of oil deliveries.

Decision due soon on Grindlays' future

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

A STATEMENT about the future ownership and structure of Grindlays Bank, the London-based overseas banking group, is expected next month.

Talks are under way between the present senior management of Grindlays, Citibank, which holds a 49 per cent stake in the bank, and Lloyds Bank, which owns 41 per cent of a quoted holding company called Grindlays Holdings, which in turn own 51 per cent of Grindlays Bank.

Decisions have to be taken about Grindlays this year for two main reasons. First, all management arrangements with Citibank for a five-year term come to an end and, second, two subordinated loans amounting to £27.6m which were originally arranged by Lloyds Bank become repayable in full at the end of the year.

Speculation

The Grindlays Board now seems to be planning on the basis that some indication about the bank's future should be included in the chairman's statement with the annual report and accounts. These should be issued in March.

There is speculation in the City that either Lloyds or Citibank may wish to take over Grindlays entirely. However, the senior Grindlays management seems to favour a continuation of the present arrangements, under which Grindlays would remain a relatively independent British bank.

The bank's unusual shareholding structure was originally designed as a means of maintaining control of Grindlays in British hands. Bank of England approval would be necessary if there was to be any significant change in the present structure.

Grindlays has many of the features of a British clearing bank. It runs branch banking systems in India, Bangladesh, Sri Lanka, Rhodesia, Singapore, and the Gulf area. It also has offices in many other countries around the world.

In London, apart from the head office, the bank carries on a Euro-currency wholesale banking business. Overall, its nearest equivalent in UK banking is the Standard Chartered Group.

Grindlays suffered heavy losses in the secondary banking and property crisis in the early 1970s. This arose principally from bad lending by the bank's merchant banking subsidiary, Brandts.

In a move which may be related to the future ownership of the group, Grindlays is engaged in negotiations for the disposal of some of its industrial interests. A sale of these is necessary this year for Citibank to comply with an undertaking given to the U.S. Federal Reserve Board five years ago.

Continued from Page 1

Tax rate

ing blocks as they are known.

These will be submitted to the Chancellor within the next two or three weeks with the new short-term forecasts and a summary paper from Sir Douglas Wass, the Permanent Secretary.

The over-riding priority is to contain public sector borrowing in 1980-81 within a range of £9bn to £10bn in order to reduce the rate of monetary growth and to permit a decline in interest rates.

The main constraint is that on present policies borrowing is likely to be about £10.5bn to £11bn in 1980-81, though there is still apparently considerable debate about this figure.

Moreover, there is only a limited amount which can be obtained from further public spending cuts, especially as no further progress on reducing the UK's contributions to the EEC budget is expected to be made before the Budget.

The Cabinet is broadly agreed on cuts of roughly £1bn, or just over £700m if the reduction in the contribution to the EEC already on offer is excluded. This will come mainly from a reduction in house-building, higher council house rents, and health service charges, and changes in the uprating of unemployment benefits.

In addition, a substantial amount is expected to be saved from the tight application of cash limits, though this is not being talked about in public before Civil Service pay talks. There will also be sales of public sector assets above the £500m already planned, including further disposals of New Town properties and the offer of part of the equity of British National Oil Corporation.

Soames

Continued from Page 1

discussed the issue with Lord Soames without the meeting apparently coming to any conclusions, maintains that the principal source of intimidation is the auxiliaries.

He has charged Lord Soames with allowing Rhodesian forces to be deployed against Zanla in contravention of the Lancaster House agreement, and has lodged a series of detailed complaints against the auxiliaries, whose conduct he maintains is not being properly monitored by the British-commanded Commonwealth force.

Addressing a rally of some 25,000 supporters yesterday, Mr. Mugabe sharply attacked his former co-leader in the guerrilla alliance. He accused Mr. Nkomo of "hijacking" the name Patriotic Front.

He promised that there would be no discrimination against whites who remained in the country, although he did warn that whites must adjust to the impending reality of black rule. There would be no room for misfits.

Police announced last night that two blacks had been killed and 35 injured as the crowd left Mr. Mugabe's Gwelo rally.

A woman was killed and four people were injured when a grenade was lobbed into a bus carrying supporters of Bishop Muzorewa near Fort Victoria.

Weather

UK TODAY

MAINLY cloudy with rain at first. Some snow on hills with hill fog. Sunny with wintry showers in Northern England.

London, E. Anglia, Midlands
Cloudy with rain. Snow on hills. Max. 5C (41F).

S.E., S.W. England, S. Wales
Cloudy with bright intervals later. Max. 10C (50F).

E., Cent. N. England, Edinburgh and Dundee
Sunny intervals. Wintry showers. Max. 4C (39F).

N. Wales, N.W. England, S.W. Scotland
Dry with sunny intervals. Max. 5C (41F).

Rest of Scotland
Cold and frosty with wintry showers. Max. 4C (39F).

Outlook: Showers or longer periods of rain. Snow in the north.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	13	55	Jo'burg	S	26	79
Algiers	S	18	64	L. Plms.	F	19	66
Amsdm.	R	5	41	Locarno	S	6	43
Athens	S	14	57	London	R	7	45
Bahrain	S	17	63	Luxmbg.	C	4	39
Barcln.	F	14	57	Madrid	F	8	46
Beirut	S	15	59	Majorca	S	17	63
Belfast	Sn	1	34	Malaga	S	17	63
Belgrd.	R	6	43	Malta	F	15	59
Biarritz	F	14	57	M'chstr	C	4	39
Bmghm.	R	6	43	Melbne.	S	19	66
Blackpl.	R	3	43	Milan	S	8	46
Bordx.	C	12	54	Mntrel.	Sl	−7	19
Boulgn.	R	6	43	Munich	R	4	39
Bristol	R	7	45	Nairobi	R	21	70
Brussels	C	7	45	Nwcstl.	C	2	36
Budpst.	Fg	2	36	N. York	S	−3	24
B. Aires	S	25	78	Nice	S	15	59
Cairo	S	17	64	Oporto	C	14	57
Cardiff	R	7	45	Oslo	S	−17	1
Cas'b'ca	F	16	61	Paris	R	7	45
Cape T.	S	32	90	Perth	S	28	82
Chicago	C	−3	26	Prague	C	4	39
Cologne	C	5	41	Reykjvk.	S	−7	19
Cpnhgn.	S	−1	30	Rhodes	C	16	61
Corfu	R	11	52	Rio J'o	S	31	88
Dublin	R	5	41	Salzbrg.	C	5	41
Ednbgh.	Sl	1	34	Singpr.	S	29	84
Faro	S	17	63	Stckhm.	C	−7	19
Florence	F	12	54	Strsbg.	C	7	45
Frankft.	C	6	43	Sydney	R	21	70
Funchal	C	16	61	Tehran	S	0	30
Geneva	R	6	43	Tel Aviv	F	15	59
Gibrltr.	S	19	66	Tenerife	F	14	57
Glasgow	Sn	1	34	Tokyo	S	9	47
G'nsey	R	10	50	Toronto	Sn	0	10
Helsinki	Sn	−4	25	Tunis	F	16	61
H. Kong	S	13	55	Valencia	S	17	63
Innsbrk.	C	4	39	Venice	S	8	46
Invrnss.	F	−3	27	Vienna	S	8	46
I.o.M.	R	3	37	Warsaw	R	3	37
Istanbul	C	7	45	Zurich	C	5	41
Jersey	C	9	48				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

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